

# **CAPE AGULHAS LOCAL MUNICIPALITY**



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2019**

# CAPE AGULHAS LOCAL MUNICIPALITY

## INDEX

<b><u>Content</u></b>	<b><u>Page</u></b>
General Information	1 - 2
Report of the Auditor General	
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts	
- Statement of Financial Position	8 - 9
- Statement of Financial Performance	10 - 11
- Cash Flow Statement	12 - 13
Accounting Policies	14 - 45
Notes to the Financial Statements	46 - 112
<b>APPENDICES - Unaudited</b>	
A Schedule of External Loans	113
B Analysis of Property Plant and Equipment	114 -117
C Segmental Statement of Financial Performance - Municipal Votes	118
D Actual versus Budget - Capital and Operating Expenditure (Votes)	119
E Disclosure of Grants and Subsidies	120
F National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	121 - 122
- Revenue and Expenditure (Municipal Vote Classification)	123
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	124 - 125
- Capital Expenditure by Vote, Standard Classification and Funding	126 - 128
- Cash Flows	129 - 130

# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Ward 5	
Executive Deputy Mayor	Z Tonisi	Proportional	
Speaker	J G A Nieuwoudt	Ward 4	
Councillor - Full time	G D Burger	Proportional	Member of Executive Mayoral Committee
Councillor - Full time	M October	Ward 2	Member of Executive Mayoral Committee
Councillor - Part time	D Jantjies	Proportional	
Councillor - Part time	E C Marthinus	Proportional	
Councillor - Part time	E Sauls	Ward 1	
Councillor - Part time	C J Jacobs	Proportional	Chairperson of MPAC
Councillor - Part time	R J Baker	Ward 3	
Councillor - Part time	D J Europa	Ward 6	

### MUNICIPAL MANAGER

Mr D O'Neill

### CHIEF FINANCIAL OFFICER

Mr H Van Biljon

### REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

### POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA, Bredasdorp

### ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

Bester Attorneys

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019 (Effective from 1 July 2019)

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

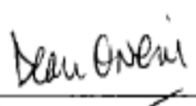
I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 130 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
\_\_\_\_\_  
Mr D O'Neill  
Municipal Manager

  
\_\_\_\_\_  
Date

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>118 810 756</b>	<b>81 793 350</b>
Cash and Cash Equivalents	2	83 738 870	47 768 311
Receivables from Exchange Transactions	3	25 059 661	26 056 267
Receivables from Non-exchange Transactions	4	8 020 868	6 357 828
Operating Lease Asset	5.1	321 642	296 099
Current Portion of Long-term Receivables	6	7 681	7 248
Inventory	7	1 662 034	1 307 597
<b>Non-current Assets</b>		<b>456 447 384</b>	<b>433 143 438</b>
Long-Term Receivables	6	184 455	211 619
Investment Property	8	40 199 780	40 244 199
Property, Plant And Equipment	9	367 428 201	342 166 219
Intangible Assets	10	4 705 373	4 865 323
Capitalised Restoration Cost (PPE)	11	43 929 575	45 656 076
<b>Total Assets</b>		<b>575 258 140</b>	<b>514 936 788</b>
<b>Current Liabilities</b>		<b>58 581 523</b>	<b>45 410 937</b>
Current Portion of Long-Term Liabilities	12	5 962 686	3 506 160
Consumer Deposits	13	4 696 479	4 507 450
Payables from Exchange Transactions	14	32 576 327	24 749 034
Unspent Conditional Government Grants	15	1 070 716	400 460
Unspent Public Contributions	16	78 086	66 519
Taxes	17	1 625 683	679 092
Operating Lease Liability	5.2	29 000	14 325
Current Employee Benefits	18	12 542 546	11 487 896
<b>Non-current Liabilities</b>		<b>144 759 264</b>	<b>138 324 534</b>
Long-Term Liabilities	12	26 790 115	15 752 801
Employee Benefits	19	44 631 701	52 790 017
Non-Current Provisions	20	73 337 448	69 781 716
<b>Total Liabilities</b>		<b>203 340 787</b>	<b>183 735 471</b>
<b>Net Assets</b>		<b>371 917 353</b>	<b>331 201 316</b>
<b>Community Wealth</b>			
Accumulated Surplus	21	336 917 353	301 201 316
Capital Replacement Reserve	21	35 000 000	30 000 000
<b>Total Community Wealth</b>		<b>371 917 353</b>	<b>331 201 316</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

REVENUE	Notes	2019 R (Actual)	2018 R (Restated)
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>160 199 034</b>	<b>134 930 924</b>
<b>Taxation Revenue</b>		<b>66 106 657</b>	<b>60 731 610</b>
Property Rates	22	66 106 657	60 731 610
<b>Transfer Revenue</b>		<b>61 918 628</b>	<b>57 679 558</b>
Government Grants and Subsidies - Capital	23	20 682 357	12 456 582
Government Grants and Subsidies - Operating	23	41 189 131	37 463 553
Public Contributions and Donations - Operating	24	47 140	56 500
Contributed Assets	25	-	7 702 924
<b>Other Revenue</b>		<b>32 173 749</b>	<b>16 519 756</b>
Fines	26	17 574 647	11 808 096
Actuarial Gains	27	14 548 917	4 669 007
Third Party - Insurance Receipts		50 185	42 653
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>197 748 906</b>	<b>178 051 734</b>
<b>Operating Activities</b>		<b>197 748 906</b>	<b>178 051 734</b>
Service Charges	28	166 006 985	150 349 902
Rental of Facilities and Equipment	29	8 530 947	9 335 146
Interest Earned - External Investments		5 168 649	2 821 294
Interest Earned - Outstanding Debtors	30	2 382 181	1 319 382
Licences and Permits		1 292 715	1 319 383
Agency Services		1 997 974	1 854 353
Other Income	31	6 995 213	6 467 929
Gains on Disposal of Properties		5 374 242	4 584 345
<b>TOTAL REVENUE</b>		<b>357 947 940</b>	<b>312 982 658</b>
<b>EXPENDITURE</b>			
Employee Related Costs	32	125 207 668	115 619 220
Remuneration of Councillors	33	5 441 248	5 059 866
Debt Impairment	34	23 721 911	18 160 974
Depreciation and Amortisation	35	13 097 055	12 035 121
Impairments	36	-	176 350
Actuarial Losses	38	-	302 372
Finance Charges	39	11 387 200	9 432 690
Bulk Purchases	40	76 760 692	75 357 709
Contracted Services	41	27 023 332	21 048 517
Transfers and Grants	42	580 970	1 398 206
Other Expenditure	43	33 843 117	31 695 468
Loss on Disposal of PPE		168 710	539 061
<b>TOTAL EXPENDITURE</b>		<b>317 231 903</b>	<b>290 825 555</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>40 716 037</b>	<b>22 157 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2017 - Previously Reported</b>	<b>20 000 000</b>	<b>289 289 987</b>	<b>309 289 987</b>
Prior Period Adjustment - Refer to note 44.05	-	(245 774)	(245 774)
<b>Balance on 30 June 2017 - Restated</b>	<b>20 000 000</b>	<b>289 044 212</b>	<b>309 044 212</b>
Net Surplus for the Year	-	22 157 104	22 157 104
Transfers to Reserves	17 389 605	(17 389 605)	-
Property, Plant and Equipment Purchased	(7 389 605)	7 389 605	-
<b>Balance on 30 June 2018 - Restated</b>	<b>30 000 000</b>	<b>301 201 316</b>	<b>331 201 316</b>
Net Surplus for the Year	-	40 716 037	40 716 037
Transfers to Reserves	14 940 056	(14 940 056)	-
Property, Plant and Equipment Purchased	(9 940 056)	9 940 056	-
<b>Balance on 30 June 2019</b>	<b>35 000 000</b>	<b>336 917 353</b>	<b>371 917 353</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		63 449 416	58 460 077
Service Charges		159 304 825	143 354 704
Other Revenue		21 322 050	25 688 588
Government - Operating		42 118 265	37 259 746
Government - Capital		20 423 479	12 111 782
Interest		7 550 830	4 140 676
<b>Payments</b>			
Suppliers and Employees		(257 634 932)	(253 427 522)
Finance Charges		(1 856 421)	(490 202)
Transfers and Grants		(580 970)	(1 398 206)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>45</b>	<b>54 096 542</b>	<b>25 699 644</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets		5 410 131	4 919 345
Decrease in Long-Term Receivables		26 731	8 285
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(36 850 926)	(22 397 027)
Purchase of Intangible Assets		(394 788)	(1 602 825)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(31 808 852)</b>	<b>(19 072 221)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		17 000 000	17 400 000
Increase in Consumer Deposits		189 029	216 701
<b>Payments</b>			
Loans Repaid		(3 506 160)	(837 282)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>13 682 869</b>	<b>16 779 419</b>
<b>NET INCREASE IN CASH HELD</b>		<b>35 970 559</b>	<b>23 406 842</b>
Cash and Cash Equivalents at the beginning of the year		47 768 311	24 361 469
Cash and Cash Equivalents at the end of the year	<b>46</b>	83 738 870	47 768 311
<b>NET INCREASE IN CASH HELD</b>		<b>35 970 559</b>	<b>23 406 842</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	25 484 870	14 573 542	10 911 328
Call Investment Deposits	58 254 000	15 000 000	43 254 000
Consumer Debtors	29 194 067	37 050 730	(7 856 663)
Other Receivables	4 208 104	4 325 486	(117 383)
Current portion of Long-Term Receivables	7 681	7 248	433
Inventory	1 662 034	1 307 597	354 437
<b>Total Current Assets</b>	<b>118 810 756</b>	<b>72 264 603</b>	<b>46 546 153</b>
<b>Non Current Assets</b>			
Long-Term Receivables	184 455	204 372	(19 917)
Investment Property	40 199 780	40 544 760	(344 980)
Property, Plant and Equipment	411 357 776	410 383 746	974 030
Intangible Assets	4 705 373	5 106 296	(400 923)
<b>Total Non-Current Assets</b>	<b>456 447 384</b>	<b>456 239 174</b>	<b>208 210</b>
<b>TOTAL ASSETS</b>	<b>575 258 140</b>	<b>528 503 777</b>	<b>46 754 363</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	5 962 686	3 567 810	2 394 876
Consumer Deposits	4 696 479	4 777 897	(81 418)
Trade and Other Payables	35 379 812	30 989 524	4 390 287
Provisions and Employee Benefits	12 542 546	12 177 169	365 377
<b>Total Current Liabilities</b>	<b>58 581 524</b>	<b>51 512 401</b>	<b>7 069 122</b>
<b>Non-Current Liabilities</b>			
Borrowing	26 790 115	12 184 991	14 605 124
Provisions and Employee Benefits	117 969 149	132 903 308	(14 934 159)
<b>Total Non-Current Liabilities</b>	<b>144 759 264</b>	<b>145 088 299</b>	<b>(329 035)</b>
<b>TOTAL LIABILITIES</b>	<b>203 340 788</b>	<b>196 600 700</b>	<b>6 740 087</b>
<b>NET ASSETS</b>	<b>371 917 352</b>	<b>331 903 077</b>	<b>40 014 275</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	336 917 353	301 903 077	35 014 275
Reserves	35 000 000	30 000 000	5 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>371 917 353</b>	<b>331 903 077</b>	<b>40 014 275</b>

Refer to note 47.2 for further details relating to material variances.

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

#### ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	19 620 433	(5 046 890)	14 573 542
Call Investment Deposits	-	15 000 000	15 000 000
Consumer Debtors	33 775 158	3 275 572	37 050 730
Other Receivables	5 917 890	(1 592 404)	4 325 486
Current portion of Long-Term Receivables	31 117	(23 869)	7 248
Inventory	1 326 467	(18 869)	1 307 597
<b>Total Current Assets</b>	<b>60 671 064</b>	<b>11 593 539</b>	<b>72 264 603</b>
<b>Non-Current Assets</b>			
Long-Term Receivables	133 802	70 570	204 372
Investment Property	40 853 492	(308 732)	40 544 760
Property, Plant And Equipment	405 476 862	4 906 884	410 383 746
Intangible Assets	4 408 938	697 358	5 106 296
<b>Total Non Current Assets</b>	<b>450 873 094</b>	<b>5 366 080</b>	<b>456 239 174</b>
<b>TOTAL ASSETS</b>	<b>511 544 158</b>	<b>16 959 619</b>	<b>528 503 777</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	2 874 721	693 089	3 567 810
Consumer Deposits	4 821 085	(43 188)	4 777 897
Trade and Other Payables	41 225 975	(10 236 451)	30 989 524
Provisions and Employee Benefits	12 115 963	61 206	12 177 169
<b>Total Current Liabilities</b>	<b>61 037 745</b>	<b>(9 525 344)</b>	<b>51 512 401</b>
<b>Non Current Liabilities</b>			
Borrowing	8 450 634	3 734 357	12 184 991
Provisions and Employee Benefits	131 730 770	1 172 538	132 903 308
<b>Total Non-Current Liabilities</b>	<b>140 181 404</b>	<b>4 906 895</b>	<b>145 088 299</b>
<b>TOTAL LIABILITIES</b>	<b>201 219 149</b>	<b>(4 618 449)</b>	<b>196 600 700</b>
<b>NET ASSETS</b>	<b>310 325 009</b>	<b>21 578 068</b>	<b>331 903 077</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	295 325 009	6 578 068	301 903 077
Reserves	15 000 000	15 000 000	30 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>310 325 009</b>	<b>21 578 068</b>	<b>331 903 077</b>

Refer to note 47.2 for further details relating to material variances.

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
<b>REVENUE BY SOURCE</b>			
Property Rates	66 106 657	63 981 100	2 125 557
Service Charges - Electricity Revenue	109 586 813	110 870 600	(1 283 788)
Service Charges - Water Revenue	26 045 029	25 946 100	98 929
Service Charges - Sanitation Revenue	11 709 330	10 125 000	1 584 330
Service Charges - Refuse Revenue	18 665 813	16 766 400	1 899 413
Rental Of Facilities and Equipment	8 530 947	1 713 800	6 817 147
Interest Earned - External Investments	5 168 649	2 285 800	2 882 849
Interest Earned - Outstanding Debtors	2 382 181	1 591 200	790 981
Fines, penalties and forfeits	17 574 647	9 853 900	7 720 747
Licences and Permits	1 292 715	64 400	1 228 315
Agency Services	1 997 974	2 572 400	(574 426)
Transfers Recognised - Operational	41 189 131	79 647 723	(38 458 592)
Other Revenue	21 641 454	9 050 200	12 591 254
Gains on Disposal of Properties	5 374 242	7 800 000	(2 425 758)
<b>TOTAL OPERATING REVENUE</b>	<b>337 265 583</b>	<b>342 268 623</b>	<b>(5 003 040)</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	125 207 668	123 568 130	1 639 538
Remuneration of Councillors	5 441 248	5 555 000	(113 752)
Debt Impairment	23 721 911	13 197 960	10 523 951
Depreciation & Asset Impairment	13 097 055	11 999 700	1 097 355
Finance Charges	11 387 200	10 000 300	1 386 900
Bulk Purchases	76 760 692	81 351 000	(4 590 308)
Contracted Services	27 023 332	24 838 200	2 185 132
Transfers and Grants	580 970	2 849 800	(2 268 830)
Other Expenditure and Materials	33 843 117	86 091 412	(52 248 295)
Loss on Disposal of PPE	168 710	-	168 710
<b>TOTAL OPERATING EXPENDITURE</b>	<b>317 231 903</b>	<b>359 451 502</b>	<b>(42 219 599)</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>			
	<b>20 033 680</b>	<b>(17 182 879)</b>	<b>37 216 559</b>
Transfers Recognised - Capital	20 682 357	16 415 877	4 266 480
Contributed Assets	-	130 000	(130 000)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>40 716 037</b>	<b>(637 002)</b>	<b>41 353 039</b>

Refer to note 47.2 for further details relating to material variances.

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

#### ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Property Rates	63 981 100	-	63 981 100
Service Charges - Electricity Revenue	110 870 600	-	110 870 600
Service Charges - Water Revenue	25 946 100	-	25 946 100
Service Charges - Sanitation Revenue	10 125 000	-	10 125 000
Service Charges - Refuse Revenue	16 766 400	-	16 766 400
Rental of Facilities and Equipment	1 710 400	3 400	1 713 800
Interest Earned - External Investments	2 285 800	-	2 285 800
Interest Earned - Outstanding Debtors	1 591 200	-	1 591 200
Fines, penalties and forfeits	9 853 900	-	9 853 900
Licences and Permits	64 400	-	64 400
Agency Services	2 572 400	-	2 572 400
Transfers Recognised - Operational	79 149 533	498 190	79 647 723
Other Revenue	8 514 000	536 200	9 050 200
Gains on Disposal of Properties	7 800 000	-	7 800 000
<b>TOTAL OPERATING REVENUE</b>	<b>341 230 833</b>	<b>1 037 790</b>	<b>342 268 623</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	123 373 200	194 930	123 568 130
Remuneration of Councillors	5 513 600	41 400	5 555 000
Debt Impairment	9 339 300	3 858 660	13 197 960
Depreciation & Asset Impairment	11 921 700	78 000	11 999 700
Finance Charges	9 438 700	561 600	10 000 300
Bulk Purchases	82 397 500	(1 046 500)	81 351 000
Contracted Services	24 188 600	649 600	24 838 200
Transfers and Grants	1 919 800	930 000	2 849 800
Other Expenditure and Materials	82 361 600	3 729 812	86 091 412
<b>TOTAL OPERATING EXPENDITURE</b>	<b>350 454 000</b>	<b>8 997 502</b>	<b>359 451 502</b>
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(9 223 167)</b>	<b>(7 959 712)</b>	<b>(17 182 879)</b>
Transfers Recognised - Capital	12 280 867	4 135 010	16 415 877
Contributed Assets	130 000	-	130 000
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>3 187 700</b>	<b>(3 824 702)</b>	<b>(637 002)</b>

Refer to note 47.2 for further details relating to material variances.

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	63 449 416	59 895 432	3 553 984
Service Charges	159 304 825	153 254 124	6 050 702
Other Revenue	21 322 050	16 083 180	5 238 870
Government - Operating	42 118 265	79 647 723	(37 529 458)
Government - Capital	20 423 479	17 060 677	3 362 802
Interest	7 550 830	3 775 390	3 775 439
<b>Payments</b>			
Suppliers and Employees	(257 634 932)	(314 085 144)	56 450 213
Finance Charges	(1 856 421)	(815 700)	(1 040 721)
Transfers and Grants	(580 970)	(2 819 800)	2 238 830
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>54 096 542</b>	<b>11 995 881</b>	<b>42 100 661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets	5 410 131	7 800 000	(2 389 869)
Decrease in Non-Current Receivables	26 731	7 248	19 483
<b>Payments</b>			
Capital Assets	(37 245 713)	(34 762 184)	(2 483 529)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(31 808 852)</b>	<b>(26 954 936)</b>	<b>(4 853 915)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	17 000 000	-	17 000 000
Increase in Consumer Deposits	189 029	270 447	(81 418)
<b>Payments</b>			
Loans Repaid	(3 506 160)	(3 506 160)	(0)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>13 682 869</b>	<b>(3 235 713)</b>	<b>16 918 582</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>35 970 559</b>	<b>(18 194 768)</b>	<b>54 165 328</b>
Cash and Cash Equivalents at the beginning of the year	47 768 311	47 768 311	-
Cash and Cash Equivalents at the end of the year	83 738 870	29 573 542	54 165 328
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>35 970 559</b>	<b>(18 194 768)</b>	<b>54 165 328</b>

Refer to note 47.2 for further details relating to material variances.

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

#### ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	61 324 238	(1 428 806)	59 895 432
Service Charges	156 910 002	(3 655 878)	153 254 124
Other Revenue	15 928 692	154 488	16 083 180
Government - Operating	79 149 533	498 190	79 647 723
Government - Capital	12 280 867	4 779 810	17 060 677
Interest	3 810 924	(35 534)	3 775 390
<b>Payments</b>			
Suppliers and Employees	(314 742 500)	657 356	(314 085 144)
Finance Charges	(773 700)	(42 000)	(815 700)
Transfers and Grants	(1 919 800)	(900 000)	(2 819 800)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>11 968 256</b>	<b>27 625</b>	<b>11 995 881</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	7 800 000	-	7 800 000
Decrease in Non-Current Receivables	31 117	(23 869)	7 248
<b>Payments</b>			
Capital Assets	(30 815 767)	(3 946 417)	(34 762 184)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(22 984 650)</b>	<b>(3 970 286)</b>	<b>(26 954 936)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	7 621 500	(7 621 500)	-
Increase in Consumer Deposits	272 892	(2 445)	270 447
<b>Payments</b>			
Loans Repaid	(2 831 339)	(674 821)	(3 506 160)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>5 063 053</b>	<b>(8 298 766)</b>	<b>(3 235 713)</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(5 953 342)</b>	<b>(12 241 427)</b>	<b>(18 194 768)</b>
Cash and Cash Equivalents at the beginning of the year	25 573 774	22 194 536	47 768 311
Cash and Cash Equivalents at the end of the year	19 620 433	9 953 110	29 573 542
<b>NET DECREASE IN CASH HELD</b>	<b>(5 953 342)</b>	<b>(12 241 427)</b>	<b>(18 194 768)</b>

Refer to note 47.2 for further details relating to material variances.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1 ACCOUNTING POLICIES**

#### **1.1 BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### **1.2 TRANSITIONAL PROVISIONS**

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

#### **1.3 PRESENTATION CURRENCY**

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### **1.4 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.5 COMPARATIVE INFORMATION

#### 1.5.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.5.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

### 1.6 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.7 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### 1.8.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:

#### 1.8.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

#### 1.8.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

#### 1.8.1.3 GRAP 34 - *Separate Financial Statements (effective 1 April 2020)*

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

#### 1.8.1.4 GRAP 35 - *Consolidated Financial Statements (effective 1 April 2020)*

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

#### 1.8.1.5 GRAP 36 - *Investments in Associates and Joint Ventures (effective 1 April 2020)*

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

#### 1.8.1.6 GRAP 37 - *Joint Arrangements (effective 1 April 2020)*

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

#### 1.8.1.7 GRAP 38 - *Disclosure of Interests in Other Entities (effective 1 April 2020)*

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

#### 1.8.1.8 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

#### 1.8.1.9 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

#### 1.8.1.10 iGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

- (a) exchange revenue in accordance with GRAP 9; and
- (b) non-exchange revenue in accordance with GRAP 23.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

#### 1.8.1.11 iGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

#### 1.8.1.12 iGRAP 18 - Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

#### **1.8.1.13 iGRAP 19 - Liabilities to Pay Levies (effective 1 April 2019)**

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

#### **1.8.1.14 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)**

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

### **1.8.2 Effective dates not yet determined**

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

All Standards of GRAP currently issued, have effective dates.

## **1.9 INVESTMENT PROPERTY**

### **1.9.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.9 INVESTMENT PROPERTY (CONTINUED)

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.9.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### 1.9.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100
Land	Indefinite

#### 1.9.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.9 INVESTMENT PROPERTY (CONTINUED)

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.9.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

### 1.10 PROPERTY, PLANT AND EQUIPMENT

#### 1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

#### **1.10.2 Subsequent Measurement - Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### **1.10.3 Depreciation**

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Storm water	8 - 99	Buildings and	
Electricity Network	10 - 100	Improvements	10 - 120
Sewerage Network	13 - 89	Land	Indefinite
Water Network	10 - 102		
Refuse Removal	10 - 64	<b>Other Assets</b>	
		Computer Hardware	5 - 20
<b>Community</b>		Furniture and	
Cemeteries	100	Office Equipment	8 - 30
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100		
Sports facilities	10 - 100	<b>Capitalised Restoration</b>	
		<b>Cost</b>	
<b>Finance lease assets</b>		Landfill Sites	9 - 68
Office Machines	3 - 15		

#### 1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.11 INTANGIBLE ASSETS**

#### **1.11.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### **1.11.2 Subsequent Measurement - Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

#### **1.11.3 Amortisation**

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.11 INTANGIBLE ASSETS

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 10

#### 1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

#### 1.12.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

#### 1.12.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

#### 1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.12 IMPAIRMENT OF NON-MONETARY ASSETS**

#### **1.12.4 Reversal of an impairment loss**

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### **1.13 INVENTORIES**

#### **1.13.1 Initial Recognition**

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.13 INVENTORIES**

#### **1.13.2 Subsequent Measurement**

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### **1.14 EMPLOYEE BENEFITS**

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

#### **1.14.1 Post-Retirement Benefits**

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.14 EMPLOYEE BENEFITS (CONTINUED)**

#### **1.14.1.1 Multi-employer defined benefit plans**

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### **1.14.1.2 Post Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### **1.14.2 Long-term Benefits**

#### **1.14.2.1 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.14 EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### 1.14.3 Short-term Benefits

##### 1.14.3.1 *Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

##### 1.14.3.2 *Staff Bonuses Accrued*

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

##### 1.14.3.3 *Provision for Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

### 1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.15 PROVISIONS (CONTINUED)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### 1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### 1.16.1 Municipality as Lessee

##### 1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.16 LEASES (CONTINUED)**

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

#### **1.16.1.2 Operating leases**

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

### **1.16.2 Municipality as Lessor**

#### **1.16.2.1 Operating Leases**

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

### **1.17 FINANCIAL INSTRUMENTS**

#### **1.17.1 Initial Recognition**

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.17 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

#### 1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

##### 1.17.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.17 FINANCIAL INSTRUMENTS (CONTINUED)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

#### 1.17.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

### 1.17.4 **Derecognition of financial instruments**

#### 1.17.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### 1.17.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

### 1.17.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.18 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### **1.18.1 Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### **1.18.2 Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

#### **1.18.3 Impairment and uncollectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### **1.18.4 Derecognition**

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.18 STATUTORY RECEIVABLES (CONTINUED)

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

### 1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

### 1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

### 1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.23 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

### 1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.25 RESERVES

#### 1.25.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

##### 1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

##### 1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

##### 1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

#### 1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

#### 1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

#### 1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

#### 1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.26 REVENUE (CONTINUED)

#### 1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

##### 1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

##### 1.26.2.2 *Investment income*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

##### 1.26.2.3 *Rental income*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

#### 1.26.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

#### 1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

### 1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.28 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.29 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.30 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

### **1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)**

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.35 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### **1.36.1 Application of Directive 7**

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.36.2 Impairment of Receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### **1.36.3 Useful lives and residual values**

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### **1.36.4 Impairment of non-monetary assets**

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

#### **1.36.5 Post-Retirement and Long-term Benefits**

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### **1.36.6 Provisions and Contingent Liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

#### **1.36.7 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

#### **1.36.8 Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Primary Bank Account	25 468 502	32 751 461
Call and Notice Deposits	58 254 000	15 000 000
Cash Floats	16 368	16 850
<b>Total</b>	<b>83 738 870</b>	<b>47 768 311</b>
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	1 070 716	400 460
Unspent Public Contributions	78 086	66 519
Unspent Annuity Loans	20 893 080	10 516 380
Capital Replacement Reserve	35 000 000	30 000 000
Working Capital Requirements	26 696 988	6 784 951
<b>Total</b>	<b>83 738 870</b>	<b>47 768 311</b>
<b>Primary Bank Account</b>		
Bredasdorp ABSA - Account number 40 5883 2586		
Bank Statement Balance - Opening Balance	28 787 116	23 978 447
Bank Statement Balance - Closing Balance	26 805 860	28 787 116
Cashbook Balance - Opening Balance	32 751 461	24 345 119
Cashbook Balance - Closing Balance	25 468 502	32 751 461
<b>Other Bank Accounts</b>		
Bredasdorp ABSA - Account number 40 6412 1626		
The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2018 and 30 June 2019.		
Guarantees relating to the following entities are held at ABSA:		
The Post Office	<b>50 000</b>	<b>50 000</b>
<b>Call and Notice Deposits</b>		
Call and Notice Deposits consist out of the following		
ABSA - Acc No 2078493223	1 254 000	-
Nedbank - Acc No 1470013142	-	10 000 000
Nedbank - Acc No 7881714298/144	30 000 000	-
Nedbank - Acc No 7881714298/145	17 000 000	-
Standard Bank - Acc No 478526628	10 000 000	-
Standard Bank - Acc No 83379975	-	5 000 000
<b>Total</b>	<b>58 254 000</b>	<b>15 000 000</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest between 7.65% and 8.10% (2018 - 7.23% and 7.25%) were attracted by these short term deposits.

The ABSA Investment (Acc 2078493223) is attached to a guarantee provided by the municipality to Eskom (Electricity Account Guarantee). The deposit is fixed for a period of 12 months from 29 May 2019.

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>44 374 316</b>	<b>20 656 067</b>	<b>23 718 249</b>
Electricity	15 241 816	2 913 412	12 328 404
Water	7 838 615	4 109 359	3 729 255
Refuse	5 475 307	3 189 974	2 285 333
Sewerage	3 564 768	2 200 604	1 364 165
Other Services	12 253 810	8 242 718	4 011 092
<b>Other Receivables</b>	<b>1 341 412</b>	<b>-</b>	<b>1 341 412</b>
Asset Sales	15 126	-	15 126
Accrued Interest	53 159	-	53 159
Payments in Advance	1 247 787	-	1 247 787
Other Arrears	25 340	-	25 340
<b>Total</b>	<b>45 715 728</b>	<b>20 656 067</b>	<b>25 059 661</b>

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>39 050 361</b>	<b>16 590 097</b>	<b>22 460 264</b>
Electricity	14 574 572	2 602 207	11 972 365
Water	6 734 648	3 422 783	3 311 864
Refuse	4 754 229	2 818 023	1 936 207
Sewerage	3 333 953	2 058 188	1 275 765
Other Services	9 652 959	5 688 896	3 964 063
<b>Other Receivables</b>	<b>3 596 003</b>	<b>-</b>	<b>3 596 003</b>
Asset Sales	1 538 626	-	1 538 626
Accrued Interest	26 784	-	26 784
Payments in Advance	1 179 159	-	1 179 159
Other Arrears	851 434	-	851 434
<b>Total</b>	<b>42 646 364</b>	<b>16 590 097</b>	<b>26 056 267</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Included in the outstanding balances are consumer debtors to the value of R 2 768 483 (2018 - R 1 349 702), who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2019 R	2018 R
<b>Ageing of service receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	10 495 921	10 415 740
Past Due (31 - 60 Days)	1 594 770	1 203 780
Past Due (61 - 90 Days)	466 620	559 060
Past Due (90 Days +)	2 684 505	2 395 993
<b>Total</b>	<b>15 241 816</b>	<b>14 574 572</b>
<b>Water Ageing</b>		
Current (0 - 30 days)	2 735 349	2 506 247
Past Due (31 - 60 Days)	811 088	699 418
Past Due (61 - 90 Days)	457 997	483 147
Past Due (90 Days +)	3 834 181	3 045 835
<b>Total</b>	<b>7 838 615</b>	<b>6 734 648</b>
<b>Refuse Ageing</b>		
Current (0 - 30 days)	1 453 252	1 216 331
Past Due (31 - 60 Days)	553 405	558 587
Past Due (61 - 90 Days)	337 089	358 998
Past Due (90 Days +)	3 131 561	2 620 314
<b>Total</b>	<b>5 475 307</b>	<b>4 754 229</b>
<b>Sewerage Ageing</b>		
Current (0 - 30 days)	832 061	778 741
Past Due (31 - 60 Days)	354 485	398 074
Past Due (61 - 90 Days)	230 712	259 180
Past Due (90 Days +)	2 147 510	1 897 957
<b>Total</b>	<b>3 564 768</b>	<b>3 333 953</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2019 R	2018 R
<b>Other Services Ageing</b>		
Current (0 - 30 days)	2 394 644	2 140 994
Past Due (31 - 60 Days)	944 974	1 206 920
Past Due (61 - 90 Days)	693 203	786 023
Past Due (90 Days +)	8 220 988	5 519 022
<b>Total</b>	<b>12 253 810</b>	<b>9 652 959</b>
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	17 911 227	17 058 053
Past Due (31 - 60 Days)	4 258 723	4 066 780
Past Due (61 - 90 Days)	2 185 620	2 446 408
Past Due (90 Days +)	20 018 745	15 479 120
<b>Total</b>	<b>44 374 316</b>	<b>39 050 361</b>

#### Ageing per Customer Classification - 30 June 2019

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	11 756 260	5 898 689	256 278
Past Due (31 - 60 Days)	3 123 726	1 078 417	56 580
Past Due (61 - 90 Days)	1 670 914	474 321	40 386
Past Due (90 Days +)	18 677 454	953 584	387 707
<b>Sub-Total</b>	<b>35 228 354</b>	<b>8 405 010</b>	<b>740 951</b>
Less Allowance for Impairment	(19 252 692)	(1 043 322)	(360 053)
<b>Total</b>	<b>15 975 662</b>	<b>7 361 689</b>	<b>380 898</b>

#### Ageing per Customer Classification - 30 June 2018

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 898 541	3 957 979	201 534
Past Due (31 - 60 Days)	3 581 596	392 347	92 837
Past Due (61 - 90 Days)	2 251 778	136 244	58 386
Past Due (90 Days +)	14 621 534	487 619	369 967
<b>Sub-Total</b>	<b>33 353 449</b>	<b>4 974 188</b>	<b>722 724</b>
Less Allowance for Impairment	(15 701 883)	(545 782)	(342 432)
<b>Total</b>	<b>17 651 566</b>	<b>4 428 406</b>	<b>380 292</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2019 R	2018 R
Included in Consumers are indigent balances amounting to R 1 329 815 (2018 - R 2 137 269). These balances were fully impaired.		
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	16 590 097	10 136 231
Contribution to the provision	9 248 405	7 978 306
Electricity	527 489	1 070 479
Water	2 402 878	837 573
Refuse	1 507 015	1 121 662
Sewerage	1 053 821	771 835
Other Services	3 757 202	4 176 757
Bad Debts Written off	(5 182 436)	(1 524 440)
Electricity	(216 285)	(69 236)
Water	(1 716 303)	(388 090)
Refuse	(1 135 063)	(140 173)
Sewerage	(911 405)	(119 134)
Other Services	(1 203 380)	(807 808)
<b>Balance at the end of the year</b>	<b>20 656 067</b>	<b>16 590 097</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>12 330 581</b>	<b>8 196 175</b>	<b>4 134 406</b>
Rates	12 330 581	8 196 175	4 134 406
<b>Other Receivables</b>	<b>20 559 218</b>	<b>16 672 756</b>	<b>3 886 461</b>
Unpaid Fines	20 383 600	16 672 756	3 710 844
Sundry Deposits	175 618	-	175 618
<b>Total</b>	<b>32 889 799</b>	<b>24 868 931</b>	<b>8 020 868</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED) 30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>10 168 421</b>	<b>6 557 891</b>	<b>3 610 529</b>
Rates	10 168 421	6 557 891	3 610 529
<b>Other Receivables</b>	<b>14 699 800</b>	<b>11 952 501</b>	<b>2 747 299</b>
Unpaid Fines	14 683 500	11 952 501	2 730 999
Sundry Deposits	16 300	-	16 300
<b>Total</b>	<b>24 868 221</b>	<b>18 510 393</b>	<b>6 357 828</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2019 R	2018 R
<b>Ageing of service receivables:</b>		
<b>Rates Ageing</b>		
Current (0 - 30 days)	3 053 365	2 741 245
Past Due (31 - 60 Days)	695 909	617 851
Past Due (61 - 90 Days)	325 618	310 316
Past Due (90 Days +)	8 255 689	6 499 009
<b>Total</b>	<b>12 330 581</b>	<b>10 168 421</b>

#### Ageing per Customer Classification - 30 June 2019

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 830 889	221 859	618
Past Due (31 - 60 Days)	639 040	56 869	-
Past Due (61 - 90 Days)	284 759	40 859	-
Past Due (90 Days +)	6 350 048	799 417	1 106 224
<b>Sub-Total</b>	<b>10 104 735</b>	<b>1 119 004</b>	<b>1 106 842</b>
Less Allowance for Impairment	(6 313 322)	(780 304)	(1 102 549)
<b>Total</b>	<b>3 791 413</b>	<b>338 700</b>	<b>4 293</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing per Customer Classification - 30 June 2018

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 636 998	104 119	128
Past Due (31 - 60 Days)	598 295	19 428	128
Past Due (61 - 90 Days)	290 378	15 558	4 379
Past Due (90 Days +)	5 509 155	121 079	868 775
<b>Sub-Total</b>	<b>9 034 827</b>	<b>260 185</b>	<b>873 409</b>
Less Allowance for Impairment	(5 576 938)	(112 133)	(868 821)
<b>Total</b>	<b>3 457 889</b>	<b>148 051</b>	<b>4 589</b>

Included in Consumers are indigent balances amounting to R 53 924 (2018 - R 228 515). These balances were fully impaired.

	2019 R	2018 R
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	18 510 393	10 653 248
Contribution to the provision	14 794 419	10 704 453
Rates	2 133 364	2 336 481
Fines	12 661 055	8 367 972
Bad Debts Written off	(8 435 881)	(2 847 308)
Rates	(495 081)	(75 308)
Fines	(7 940 800)	(2 772 000)
<b>Balance at the end of the year</b>	<b>24 868 931</b>	<b>18 510 393</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>5 OPERATING LEASES</b>		
<b>5.1 OPERATING LEASE ASSETS</b>		
Operating Lease Asset	<b>321 642</b>	<b>296 099</b>
Balance Previously Reported		217 306
Prior Period Adjustment - Refer to note 44.01		78 793

The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset:

Balance at the beginning of the year	296 099	235 483
Movement during the year	25 543	60 617
Balance at the end of the year	<b>321 642</b>	<b>296 099</b>

The municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	796 609	663 981
Between 1 and 5 Years	2 168 935	2 441 736
After 5 Years	516 689	1 040 496
	<b>3 482 232</b>	<b>4 146 213</b>

The lease payments are in respect of properties being lease out over a period ranging up to 2032.

The prior year balance were restated to incorporate the lease arrangement entered into with Umhlaba Wobizo Livestock Farming during 2015/16.

### 5.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	<b>29 000</b>	<b>14 325</b>
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The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>5 OPERATING LEASES (CONTINUED)</b>		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	14 325	11 812
Movement during the year	14 675	2 513
Balance at the end of the year	<b>29 000</b>	<b>14 325</b>

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	415 665	440 372
Between 1 and 5 Years	215 344	631 009
	<b>631 009</b>	<b>1 071 381</b>

The operating lease liability relates to the following lease arrangements:

The lease balance relates to the Tourism Office (Only 30 June 2018) and "Old Nedbank Gebou" with lease term up to 31 December 2020.

## 6 LONG-TERM RECEIVABLES

Individual Housing Loans	192 136	218 867
<b>Sub-Total</b>	<b>192 136</b>	<b>218 867</b>
Less: Current portion of Long-term Receivables	7 681	7 248
Individual Housing Loans	7 681	7 248
<b>Total</b>	<b>184 455</b>	<b>211 619</b>

### Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

## 7 INVENTORY

Consumables	1 619 908	1 267 855
Water	42 126	39 742
<b>Total</b>	<b>1 662 034</b>	<b>1 307 597</b>

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>7 INVENTORY (CONTINUED)</b>		
No Inventory losses or surpluses were identified during the annual stores counts.		
Inventory recognised as an expense during the year.	<u>2 553 058</u>	<u>2 715 994</u>
<b>8 INVESTMENT PROPERTY</b>		
Investment Property - Carrying Value	<b>40 199 780</b>	<b>40 244 199</b>
Balance Previously Reported		40 553 199
Prior Period Adjustment - Refer to note 44.02		(309 000)
The movement in investment properties is reconciled as follows:		
<b>Opening Carrying Value</b>	<b>40 244 199</b>	<b>40 561 029</b>
Cost	40 380 833	40 689 133
Accumulated Depreciation	(136 634)	(128 104)
Additions	-	26 700
Depreciation for the year	(8 530)	(8 530)
Disposals	(35 889)	(335 000)
<b>Closing Carrying Value</b>	<b>40 199 780</b>	<b>40 244 199</b>
Cost	40 344 944	40 380 833
Accumulated Depreciation	(145 164)	(136 634)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2019

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
<b>Opening Carrying Value</b>	<b>73 808 261</b>	<b>219 784 870</b>	<b>25 451 442</b>	<b>542 599</b>	<b>22 579 047</b>	<b>342 166 219</b>
Cost	84 740 909	286 877 952	28 653 349	1 177 811	38 573 333	440 023 355
Accumulated Depreciation	(10 932 648)	(67 093 082)	(3 201 907)	(635 213)	(15 994 287)	(97 857 136)
Additions	787 094	26 610 209	3 819 302	-	5 634 321	36 850 926
Depreciation for the year	(314 488)	(7 775 437)	(499 621)	(175 059)	(2 655 629)	(11 420 235)
Disposals	-	(3 912)	-	-	(164 798)	(168 710)
Cost	-	(8 420)	-	-	(457 507)	(465 928)
Accumulated Depreciation	-	4 509	-	-	292 709	297 218
<b>Closing Carrying Value</b>	<b>74 280 867</b>	<b>238 615 730</b>	<b>28 771 123</b>	<b>367 539</b>	<b>25 392 941</b>	<b>367 428 201</b>
Cost	85 528 003	313 479 741	32 472 651	1 177 811	43 750 147	476 408 353
Accumulated Depreciation	(11 247 136)	(74 864 010)	(3 701 528)	(810 272)	(18 357 206)	(108 980 152)
<b>Work In Progress</b>	<b>-</b>	<b>12 995 315</b>	<b>972 709</b>	<b>-</b>	<b>-</b>	<b>13 968 024</b>

Work In Progress is included in carrying value of property plant and equipment.  
No Depreciation charge is recognised against these amounts.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2018

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
<b>Opening Carrying Value</b>	<b>73 975 889</b>	<b>203 725 979</b>	<b>23 921 401</b>	<b>743 078</b>	<b>20 852 400</b>	<b>323 218 746</b>
Cost	84 622 996	263 507 194	26 734 126	1 192 011	35 031 649	411 087 977
Accumulated Depreciation	(10 647 108)	(59 781 215)	(2 812 725)	(448 933)	(14 179 249)	(87 869 231)
Additions	117 912	23 449 950	1 919 223	-	4 586 165	30 073 250
Depreciation for the year	(285 540)	(7 350 625)	(389 181)	(193 654)	(2 367 717)	(10 586 716)
Disposals	-	(40 433)	-	(6 826)	(491 802)	(539 061)
Cost	-	(79 191)	-	(14 200)	(1 044 481)	(1 137 872)
Accumulated Depreciation	-	38 758	-	7 374	552 679	598 811
<b>Closing Carrying Value</b>	<b>73 808 261</b>	<b>219 784 870</b>	<b>25 451 442</b>	<b>542 599</b>	<b>22 579 047</b>	<b>342 166 219</b>
Cost	84 740 909	286 877 952	28 653 349	1 177 811	38 573 333	440 023 355
Accumulated Depreciation	(10 932 648)	(67 093 082)	(3 201 907)	(635 213)	(15 994 287)	(97 857 136)
<b>Work In Progress</b>	<b>-</b>	<b>12 012 898</b>	<b>399 898</b>	<b>-</b>	<b>-</b>	<b>12 412 796</b>

Work In Progress is included in carrying value of property plant and equipment.  
No Depreciation charge is recognised against these amounts.

<b>Balance Previously Reported</b>	<b>73 839 761</b>	<b>219 784 870</b>	<b>25 451 442</b>	<b>542 599</b>	<b>22 579 047</b>	<b>342 197 719</b>
Prior Period Adjustment - Refer to note 44.03	(31 500)	-	-	-	-	(31 500)
<b>Restated Balance on 30 June 2018</b>	<b>73 808 261</b>	<b>219 784 870</b>	<b>25 451 442</b>	<b>542 599</b>	<b>22 579 047</b>	<b>342 166 219</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>10 INTANGIBLE ASSETS</b>		
Intangible Assets - Carrying Value	<b>4 705 373</b>	<b>4 865 323</b>
The movement in intangible assets is reconciled as follows:		
<b>Opening Carrying Value</b>	<b>4 865 323</b>	<b>3 572 415</b>
Cost	6 093 551	4 490 727
Accumulated Amortisation	(1 228 228)	(918 312)
Additions	394 788	1 602 825
Amortisation for the year	(554 738)	(309 916)
<b>Closing Carrying Value</b>	<b>4 705 373</b>	<b>4 865 323</b>
Cost	6 488 339	6 093 551
Accumulated Amortisation	(1 782 966)	(1 228 228)
<b>Work in Progress</b>	<b>394 788</b>	<b>3 528 804</b>

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

The work in progress balance on 30 June 2019 relates to the SCM Advance Procurement Module and Client Service application still in process of being implemented on reporting date.

The work in progress balance on 30 June 2018 only relates to the Phoenix (Vesta) Financial System. This implementation were required to ensure compliance with new mSCOA regulations that came into effect on 1 July 2017. Managements completed the implementation in the current year.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>11 CAPITALISED RESTORATION COST (PPE)</b>		
Capitalised Restoration Cost - Carrying Value	<b>43 929 575</b>	<b>45 656 076</b>
The movement in capitalised restoration cost is reconciled as follows:		
<b>Opening Carrying Value</b>	<b>45 656 076</b>	<b>47 588 121</b>
Cost	53 696 092	54 321 828
Accumulated Depreciation	(4 676 033)	(3 546 075)
Accumulated Impairments	(3 363 982)	(3 187 632)
Additions	-	329 955
Disposals	(612 948)	(955 691)
Depreciation for the year	(1 113 553)	(1 129 958)
Impairments for the year	-	(176 350)
<b>Closing Carrying Value</b>	<b>43 929 575</b>	<b>45 656 076</b>
Cost	53 083 143	53 696 092
Accumulated Depreciation	(5 789 586)	(4 676 033)
Accumulated Impairments	(3 363 982)	(3 363 982)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 20 for more detail relating to this asset financed by way of a provision

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 12 LONG-TERM LIABILITIES

	2019 R	2018 R
Annuity Loans	32 752 801	19 258 961
<b>Sub-Total</b>	<b>32 752 801</b>	<b>19 258 961</b>
Less: Current portion of Long-term Liabilities	5 962 686	3 506 160
Annuity Loans	5 962 686	3 506 160
<b>Total</b>	<b>26 790 115</b>	<b>15 752 801</b>

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

Opening Balance - Outstanding Financing	(10 516 380)	2 400 000
Assets purchased	6 623 301	4 483 620
Annuity Loans Raised	(17 000 000)	(17 400 000)
<b>Closing Balance - Outstanding Financing/(Unspent Loans)</b>	<b>(20 893 080)</b>	<b>(10 516 380)</b>

The unspent loans relates to Annuity Loans raised at Nedbank during June 2019. The unspent fund will be utilised on capital projects included in the approved budget of the municipality after year-end.

#### Annuity Loans

Amalgamated Banks of South Africa (ABSA)	3 719 468	4 258 961
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Interest is calculated between 9.84% and 10.60% (2018 - 9.84% and 10.60%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2027 . Annuity loans consist out of 6 (2018 - 6) loan agreements

Nedbank	29 033 333	15 000 000
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Interest is calculated between 9.20% and 10.35% (2018 - 9.20% and 10.35%) interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2029 . Annuity loans consist out of 6 (2018 - 3) loan agreements.

<b>32 752 801</b>	<b>19 258 961</b>
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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 12 LONG-TERM LIABILITIES

Further detail relating to Annuity Loans is included in Appendix A.

Annuity loans are payable as follows:

	2019 R	2018 R
Payable within one year	9 058 813	5 355 811
Payable within two to five years	24 875 210	14 645 747
Payable after five years	11 372 322	6 640 236
<b>Total amount payable</b>	<b>45 306 344</b>	<b>26 641 793</b>
<b>Less:</b> Outstanding Future Finance Charges	(12 553 543)	(7 382 832)
<b>Present value of annuity loans</b>	<b>32 752 801</b>	<b>19 258 961</b>

#### Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Nashua	Redeemed	2017/02/28
2	Nashua	Redeemed	2018/05/31

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2019 R	2018 R	2019 R	2018 R
1	78 249	95 010	-	-
2	289 290	447 588	-	-
	<b>367 539</b>	<b>542 599</b>	<b>-</b>	<b>-</b>

Although the lease term of both finance lease agreements have reached its end, the assets associated with these agreements are still being leased by the municipality on a month to month basis. The municipality controls the benefit associated with the assets until the month-to-month contract is cancelled and the equipment is returned to the supplier, at which point the carrying value of the asset will be derecognised.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>13 CONSUMER DEPOSITS</b>		
Electricity	2 848 486	2 780 651
Water	1 847 993	1 726 799
<b>Total</b>	<b>4 696 479</b>	<b>4 507 450</b>
Guarantees held in lieu of Electricity and Water Deposits	<b>172 000</b>	<b>172 000</b>

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	25 572 625	19 248 793
Retentions	1 763 424	1 824 486
Pre-Paid Electricity	361 346	279 669
Debtors with credit balances	1 944 626	1 793 782
Department of Housing	1 524 588	186 463
Sundry Creditors	630 562	727 863
Balance Previously Reported		650 807
Prior Period Adjustment - Refer to note 44.04		77 056
Sundry Deposits	779 157	687 978
<b>Total</b>	<b>32 576 327</b>	<b>24 749 034</b>

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

#### Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed on an agency-principle basis.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>14 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
The following funds were channelled through the municipality during the period under review:		
Opening Balance	186 464	-
Transfer from receivables	-	186 464
Funds Received	35 425 559	-
Expenditure incurred	(34 087 434)	-
<b>Unspent Balance</b>	<b>1 524 588</b>	<b>186 464</b>

<b>15 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	208 872	-
Provincial Government	861 844	400 460
<b>Total</b>	<b>1 070 716</b>	<b>400 460</b>

Detail reconciliations of all grants received and grant conditions met are included in note 23. Unspent grant balances are recognised to the extent that conditions are not yet met.

Also refer to Appendix E for further detail relating to grants.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

<b>16 UNSPENT PUBLIC CONTRIBUTIONS</b>		
Mayoral Golf Day	78 086	60 519
Youth Worker	-	6 000
<b>Total</b>	<b>78 086</b>	<b>66 519</b>

Detail reconciliations of all public contributions received are included in note 24. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>17 TAXES</b>		
VAT Output in Suspense	2 167 331	2 384 587
VAT Input in Suspense	(2 170 473)	(1 684 927)
VAT Payable to/(Refundable from) SARS	1 628 825	(20 568)
<b>Total</b>	<b>1 625 683</b>	<b>679 092</b>

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

<b>18 CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	1 359 968	1 255 537
Long Service Awards	866 935	732 198
Performance Bonuses	309 606	312 148
Bonuses	3 459 845	3 269 814
Staff Leave	6 546 192	5 918 199
<b>Total</b>	<b>12 542 546</b>	<b>11 487 896</b>

The movement in current employee benefits are reconciled as follows:

### Performance Bonuses

Opening Balance	312 148	664 712
Contribution/(Reduction) during the year	223 199	(91 995)
Payments made	(225 742)	(260 568)
Opening Balance	<b>309 606</b>	<b>312 148</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

### Bonuses

Opening Balance	3 269 814	2 816 631
Contribution during the year	6 307 389	5 949 611
Payments made	(6 117 357)	(5 496 429)
Opening Balance	<b>3 459 845</b>	<b>3 269 814</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>18 CURRENT EMPLOYEE BENEFITS (CONTINUED)</b>		
<b><u>Staff Leave</u></b>		
Opening Balance	5 918 199	5 566 530
Contribution during the year	1 300 470	1 431 456
Payments made	(672 476)	(1 079 787)
Opening Balance	<b>6 546 192</b>	<b>5 918 199</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.

<b>19 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	38 834 689	46 530 680
Long Service Awards	8 023 915	8 247 072
<b>Sub-Total</b>	<b>46 858 604</b>	<b>54 777 752</b>
Less: Current portion of Employee Benefits	<b>2 226 903</b>	<b>1 987 735</b>
Post Retirement Medical Benefits	1 359 968	1 255 537
Long Service Awards	866 935	732 198
<b>Total</b>	<b>44 631 701</b>	<b>52 790 017</b>

### 19.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

<b>Opening Balance</b>	<b>46 530 680</b>	<b>45 375 173</b>
Contribution during the year	7 048 460	6 758 077
Current Service Cost	2 509 799	2 512 615
Interest Cost	4 538 661	4 245 462
Payments made	(1 097 604)	(933 563)
Actuarial Gain	(13 646 847)	(4 669 007)
<b>Total balance at year-end</b>	<b>38 834 689</b>	<b>46 530 680</b>
Less Current Portion	1 359 968	1 255 537
<b>Total</b>	<b>37 474 721</b>	<b>45 275 143</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 19 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2019	2018
In-service members	135	126
In-service non-members	232	216
Continuation members	25	25
<b>Total</b>	<b>392</b>	<b>367</b>

The liability in respect of past service has been estimated to be as follows:

	2019 R	2018 R
In-service members	21 769 391	31 032 859
Continuation members	17 065 298	15 497 821
<b>Total Unfunded Liability</b>	<b>38 834 689</b>	<b>46 530 680</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2017 R	2016 R	2015 R
In-service members	29 634 993	29 245 620	24 900 937
Continuation members	15 740 180	14 998 411	13 245 882
<b>Total Unfunded Liability</b>	<b>45 375 173</b>	<b>44 244 031</b>	<b>38 146 819</b>

Experience adjustments were calculated as follows:

	2019 R m	2018 R m
Liabilities: (Gain)/Loss	(0.025)	0.391
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2017 R m	2016 R m	2015 R m
Liabilities: (Gain)/Loss	(0.130)	2.923	1.761
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 19 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

	2019	2018
<b>Interest Rates</b>		
Discount rate	9.41%	9.88%
Health Care Cost Inflation Rate	6.87%	7.73%
Net Effective Discount Rate	2.38%	2.00%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

#### Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2018 - 65), which then implicitly allows for expected rates of early and ill-health retirement.

#### Last Valuation

The last valuation was performed on 3 July 2019.

#### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	21.769	17.065	38.835	
Health care inflation				
+ 1%	26.648	18.782	45.430	17%
- 1%	17.943	15.580	33.523	-14%
Discount rate				
+ 1%	18.052	15.624	33.676	-13%
- 1%	26.570	18.755	45.325	17%
Post-retirement mortality				
- 1 year	22.407	17.688	40.095	3%
Average retirement age				
- 1 year	23.778	17.065	40.843	5%
Continuation of membership at retirement				
- 10%	17.381	17.065	34.446	-11%

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	1.716	3.592	5.307	
Health care inflation				
+ 1%	2.134	4.212	6.346	20%
- 1%	1.392	3.092	4.485	-16%
Discount rate				
+ 1%	1.414	3.437	4.851	-9%
- 1%	2.108	3.756	5.863	10%
Post-retirement mortality				
- 1 year	1.765	3.710	5.476	3%
Average retirement age				
- 1 year	1.859	3.781	5.640	6%
Continuation of membership at retirement				
- 10%	1.373	3.179	4.552	-14%

### 19.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

<b>Opening Balance</b>	<b>8 247 072</b>	<b>7 302 571</b>
Contribution during the year	1 300 035	1 155 759
Current Service Cost	600 449	568 721
Interest Cost	699 586	587 038
Payments made	(621 122)	(513 630)
Actuarial (Gain)/Loss	(902 070)	302 372
<b>Total balance at year-end</b>	<b>8 023 915</b>	<b>8 247 072</b>
Less Current Portion	866 935	732 198
<b>Total</b>	<b>7 156 980</b>	<b>7 514 874</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 19 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

	2019	2018
In-service members	363	336

The liability in respect of past service has been estimated to be as follows:

	2019 R	2018 R
In-service members	8 023 915	8 247 072
<b>Total Unfunded Liability</b>	<b>8 023 915</b>	<b>8 247 072</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2017 R	2016 R	2015 R
In-service members	7 302 571	6 995 996	5 819 691
<b>Total Unfunded Liability</b>	<b>7 302 571</b>	<b>6 995 996</b>	<b>5 819 691</b>

Experience adjustments were calculated as follows:

	2019 R	2018 R
Liabilities: (Gain)/Loss	496 410	510 705
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2017 R	2016 R	2015 R
Liabilities: (Gain)/Loss	244 031	892 912	335 973
Assets: Gain/(Loss)	-	-	-

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 19 EMPLOYEE BENEFITS (CONTINUED)

2019

2018

Key Actuarial Assumptions used are as follows:

#### Interest Rates

Discount rate	8.17%	8.87%
General Salary Inflation (long-term)	5.56%	6.55%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.47%	2.18%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2018 - 65), which then implicitly allows for expected rates of early and ill-health retirement.

#### Last Valuation

The last valuation was performed on 3 July 2019.

#### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	8.024	
General salary inflation		
+ 1%	8.564	7%
- 1%	7.538	-6%
Discount rate		
+ 1%	7.516	-6%
- 1%	8.599	7%
Average retirement age		
- 2 years	6.956	-13%
+ 2 years	9.224	15%
Withdrawal rates		
- 50 %	9.160	14%



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service	Interest Cost	Total Cost	% change
	Cost R			
Future Cost	563 300	620 800	1 184 100	
General salary inflation				
+ 1%	612 300	665 000	1 277 300	8%
- 1%	519 900	581 100	1 101 000	-7%
Discount rate				
+ 1%	523 500	650 400	1 173 900	-1%
- 1%	609 000	586 000	1 195 000	1%
Average retirement age				
- 2 years	496 900	533 600	1 030 500	-13%
+ 2 years	629 900	718 900	1 348 800	14%
Withdrawal rates				
- 50 %	682 400	713 700	1 396 100	18%

#### 19.3 Other Pension Benefits

Defined Benefit Plans	2019 R	2018 R
Council contributes to the following defined benefit plans:		
Consolidated Retirement Fund (former Cape Retirement Fund)	11 050 493	11 058 073
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 127.3%. (30 June 2016 - 118%)		
<b>Total</b>	<b>11 050 493</b>	<b>11 058 073</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

19

### EMPLOYEE BENEFITS (CONTINUED)

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

#### Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2019 R	2018 R
Municipal Councillors Pension Fund	158 634	164 866
SAMWU National Provident Fund	995 454	1 091 828
<b>Total</b>	<b>1 154 088</b>	<b>1 256 694</b>

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>20 NON-CURRENT PROVISIONS</b>		
Rehabilitation Provision - Landfill Sites	<b>73 337 448</b>	<b>69 781 716</b>
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
<b>Opening Balance</b>	<b>69 781 716</b>	<b>66 297 464</b>
Contribution during the year	3 555 732	3 484 252
Increase/(Decrease) in estimate	(736 800)	(625 736)
Interest Cost	4 292 531	4 109 989
<b>Total balance at year-end</b>	<b>73 337 448</b>	<b>69 781 716</b>
Less Current Portion	-	-
<b>Total</b>	<b>73 337 448</b>	<b>69 781 716</b>

The total obligation at year-end can be attributed to the following sites:

Site	Expected Closure Date		
Bredasdorp	2066	29 978 612	28 262 023
Napier	2055	18 737 278	17 885 243
Waenhuiskrans	2055	3 664 155	3 564 628
Struisbaai	2055	16 270 942	15 538 262
L'Agulhas	Closed	4 686 462	4 531 560
<b>Total</b>		<b>73 337 448</b>	<b>69 781 716</b>

There are no current portion associated with this liability, as there are no intention to rehabilitate any sites within 12 months of reporting date.

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is benchmarked against the Earthworks Index as published by Statssa. The discount rate used was stated at 6.15% (2018 – 6.20%).

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 20 NON-CURRENT PROVISIONS

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m<sup>2</sup>):

	2019	2018
Bredasdorp	78 813	77 370
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m<sup>2</sup>):

Bredasdorp	380	365
Napier	459	438
Waenhuiskrans	814	792
Struisbaai	479	458
L'Agulhas	836	809

2019  
R

2018  
R

### 21 RESERVES

Accumulated Surplus	336 917 353	301 201 316
Capital Replacement Reserve	35 000 000	30 000 000
<b>Total</b>	<b>371 917 353</b>	<b>331 201 316</b>

### 22 PROPERTY RATES

Total Property Rates	66 941 219	61 482 441
Less: Rebates	(834 562)	(750 830)
<b>Total</b>	<b>66 106 657</b>	<b>60 731 610</b>

Property rate levied are based on the following rateable valuations:

Residential	6 720 145 100	5 861 147 800
Business & Commercial	560 392 100	656 002 000
Industrial	71 824 000	68 749 000
Public benefit Organizations	63 070 000	56 040 000
Public Service Purpose	14 150 000	500 900 000
Public Service Infrastructure	8 792 000	673 008 500
State-owned	491 146 000	8 778 000
Agricultural	3 097 553 000	3 011 388 000
Municipal Property	243 359 950	237 156 550
Public Open Spaces	80 000	1 555 100
Vacant Land	604 388 600	624 010 500
Other	113 451 000	160 068 000
<b>Total Valuation</b>	<b>11 988 351 750</b>	<b>11 858 803 450</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
22	<b>PROPERTY RATES (CONTINUED)</b>		
	Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2022 after which the valuations will be performed every 5 years.		
	The last valuation came into effect on 1 July 2017. This resulted in new rating categories and tariffs being implemented in line with the Property Rates Act.		
	The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.		
	The following rates are applicable to the valuations above:		
	Residential Developed	0.007209 c / R	0.006737 c / R
	Residential Vacant	0.007209 c / R	0.006737 c / R
	Business and Commercial	0.007776 c / R	0.007167 c / R
	Industrial	0.007776 c / R	0.007167 c / R
	Public Benefit Organisations	0.006895 c / R	0.006444 c / R
	State Owned	0.007776 c / R	0.007167 c / R
	Agricultural - Bona fide	0.001803 c / R	0.001685 c / R
	Public Service Purpose	0.006895 c / R	0.006444 c / R
	Public Service Infrastructure	0.001803 c / R	0.001685 c / R
	Private Open Space	0.007209 c / R	0.006737 c / R
	Private Road	0.007209 c / R	0.006737 c / R
	Private Township Area	0.007209 c / R	0.006737 c / R
	Protected Area	0.007209 c / R	0.006737 c / R
	Multi Purpose - Agricultural	0.001803 c / R	0.001685 c / R
	Multi Purpose - Residential	0.007209 c / R	0.007167 c / R
	Multi Purpose - Business and Commercial	0.007776 c / R	0.007167 c / R
	Multi Purpose - Creche	0.007776 c / R	0.007167 c / R

Rates are levied annually and monthly. Monthly rates are payable by the last day of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

23

### GOVERNMENT GRANTS AND SUBSIDIES

#### Unconditional Grants - National Government

Equitable Share

#### Conditional Grants - National Government

Financial Management Grant (FMG)  
Municipal Infrastructure Grant (MIG)  
Skills Development Fund and SETA Bursaries  
National Electrification Programme (INEP)  
Energy Efficiency and Demand-side (EEDM)  
Expanded Public Works Program (EPWP)

#### Conditional Grants - Provincial Government

Library Grant  
Proclaimed Road Subsidy  
Other Provincial Allocations

#### Total

Disclosed as:

Government Grants and Subsidies - Capital  
Government Grants and Subsidies - Operating

#### Total

Grants per Vote (MFMA Sec 123 (c)):

Equitable share  
Engineering Services  
Executive and Council  
Financial Services & ICT  
Management Services

#### Total

The movements per grant can be summarised as follows:

#### 23.01 Equitable Share

Grants Received  
Transferred to Revenue - Operating

#### Closing Unspent Balance

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

2019  
R

2018  
R

27 606 000

25 190 060

27 606 000

25 190 060

24 949 872

17 478 448

1 550 000

1 550 000

13 874 000

11 118 000

1 384 872

2 679 448

2 000 000

1 000 000

5 000 000

-

1 141 000

1 131 000

9 315 616

7 251 626

6 910 000

5 584 000

-

72 086

2 405 616

1 595 540

61 871 488

49 920 134

20 682 357

12 456 582

41 189 131

37 463 553

61 871 488

49 920 134

27 606 000

25 190 060

21 193 458

12 889 732

2 813 974

3 190 728

2 250 720

2 120 000

8 007 336

6 529 615

61 871 488

49 920 134

27 606 000

25 190 060

(27 606 000)

(25 190 060)

-

-

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>23.02 Financial Management Grant (FMG)</b>		
Grants Received	1 550 000	1 550 000
Transferred to Revenue - Capital	(250 000)	(1 431 749)
Transferred to Revenue - Operating	(1 300 000)	(118 251)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.</p>		
<b>23.03 Municipal Infrastructure Grant (MIG)</b>		
Grants Received	13 874 000	11 118 000
Transferred to Revenue - Capital	(12 511 076)	(9 462 266)
Transferred to Revenue - Operating	(1 362 924)	(1 655 734)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.</p>		
<b>23.04 Skills Development Fund and SETA Bursaries</b>		
Opening Unspent Balance	-	-
Grants Received	1 593 744	3 100 382
Transferred to Revenue - Operating	(1 384 872)	(2 679 448)
Transferred to/(from) Receivables	-	(420 934)
<b>Closing Unspent Balance</b>	<b>208 872</b>	<b>-</b>
<p>The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and bursary beneficiaries defined.</p>		
<b>23.05 National Electrification Programme (INEP)</b>		
Grants Received	2 000 000	1 000 000
Transferred to Revenue - Capital	(1 825 847)	(989 633)
Transferred to Revenue - Operating	(174 153)	(10 367)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<p>The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.</p>		
<b>23.06 Energy Efficiency and Demand-side (EEDM)</b>		
Grants Received	5 000 000	-
Transferred to Revenue - Capital	(4 781 453)	-
Transferred to Revenue - Operating	(218 547)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The Energy Efficiency and Demand-side Management funding program is aimed at promoting the implementation of more energy-efficient technologies, processes and behaviours amongst all electricity consumers</p>		
<b>23.07 Expanded Public Works Program (EPWP)</b>		
Grants Received	1 141 000	1 131 000
Transferred to Revenue - Operating	(1 141 000)	(1 131 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.</p>		
<b>23.08 Library Grant</b>		
Grants Received	6 910 000	5 584 000
Transferred to Revenue - Capital	(71 950)	(228 133)
Transferred to Revenue - Operating	(6 838 050)	(5 355 867)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The library grants is utilised to fund the cost of providing library services within the municipal area.</p>		
<b>23.09 Proclaimed Road Subsidy</b>		
Grants Received	-	72 086
Transferred to Revenue - Operating	-	(72 086)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.		
<b>23.10 Other Provincial Allocations</b>		
Opening Unspent Balance	400 460	1 370 000
Grants Received	2 867 000	626 000
Transferred to Revenue - Capital	(1 242 031)	(344 800)
Transferred to Revenue - Operating	(1 163 585)	(1 250 740)
<b>Closing Unspent Balance</b>	<b>861 844</b>	<b>400 460</b>
Other Provincial Allocations includes grants such as:		
- Community Development Workers (CDW)		
- Provincial Finance Management Support Grant		
- Provincial Municipal Infrastructure Support Grant		
- Thusong Centre Grant		
- Department of Cultural Affairs and Sport		
<b>23.11 Total Grants</b>		
Opening Unspent Balance	400 460	1 370 000
Grants Received	62 541 744	49 371 528
Transferred to Revenue - Capital	(20 682 357)	(12 456 582)
Transferred to Revenue - Operating	(41 189 131)	(37 463 553)
Transferred to/(from) Receivables	-	(420 934)
<b>Closing Unspent Balance</b>	<b>1 070 716</b>	<b>400 460</b>
<b>24 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Mayoral Golf Day	39 140	30 000
Disaster Contribution (Fire)	-	16 500
Youth Worker	8 000	10 000
<b>Total</b>	<b>47 140</b>	<b>56 500</b>
Disclosed as:		
Public Contributions and Donations - Operating	47 140	56 500
<b>Total</b>	<b>47 140</b>	<b>56 500</b>

The movements per public contribution can be summarised as follows:

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>24 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>24.01 Mayoral Golf Day</b>		
Opening Unspent Balance	60 519	37 262
Public Contributions during the year	56 707	53 257
Transferred to Revenue - Operating	(39 140)	(30 000)
<b>Closing Unspent Balance</b>	<b>78 086</b>	<b>60 519</b>
<p>The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp during March every year since 2016. The funds raised at the event will be utilised to support Youth Development programmes in the municipal area.</p>		
<b>24.02 Youth Worker</b>		
Opening Unspent Balance	6 000	-
Public Contributions during the year	2 000	16 000
Transferred to Revenue - Operating	(8 000)	(10 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>6 000</b>
<p>Public contribution by Realty 1, Struisbaai to support the monthly payment of salary in terms of one youth worker at Struisbaai aligned with Council's vision to support Youth Development in the Cape Agulhas area.</p>		
<b>24.03 Disaster Contribution (Fire)</b>		
Public Contributions during the year	-	16 500
Transferred to Revenue - Operating	-	(16 500)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>Public contribution by residents of the Struisbaai area to assist homeless people in Struisbaai North who lost all their belongings during a fire</p>		
<b>24.04 Total</b>		
Opening Unspent Balance	66 519	37 262
Public Contributions during the year	58 707	85 757
Transferred to Revenue - Operating	(47 140)	(56 500)
<b>Closing Unspent Balance</b>	<b>78 086</b>	<b>66 519</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
<b>25</b>	<b>CONTRIBUTED ASSETS</b>		
	Department of Housing (GAP Infrastructure)	-	6 804 347
	Electricity Infrastructure	-	871 877
	Investment Property	-	26 700
	<b>Total</b>	<b>-</b>	<b>7 702 924</b>
<b>26</b>	<b>FINES</b>		
	Traffic Fines	17 545 332	11 776 103
	Library Fines	29 315	31 993
	<b>Total</b>	<b>17 574 647</b>	<b>11 808 096</b>
	In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
<b>27</b>	<b>ACTUARIAL GAINS</b>		
	Post Retirement Medical Benefits	13 646 847	4 669 007
	Long Service Awards	902 070	-
	<b>Total</b>	<b>14 548 917</b>	<b>4 669 007</b>
<b>28</b>	<b>SERVICE CHARGES</b>		
	Electricity Revenue	109 586 813	102 079 035
	Water Revenue	28 997 041	25 485 251
	Refuse Removal Revenue	23 306 962	19 419 706
	Sewerage and Sanitation Revenue	14 450 830	12 749 264
	<b>Total Revenue</b>	<b>176 341 646</b>	<b>159 733 256</b>
	Less: Rebates	(10 334 660)	(9 383 353)
	Water Revenue	(2 952 012)	(3 001 041)
	Refuse Removal Revenue	(4 641 149)	(3 979 207)
	Sewerage and Sanitation Revenue	(2 741 500)	(2 403 106)
	<b>Total</b>	<b>166 006 985</b>	<b>150 349 902</b>

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
<b>29</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Halls and Offices	326 346	275 084
	Properties	1 407 223	2 069 159
	Resorts	6 789 424	6 979 406
	Sports Grounds	7 955	10 279
	Other	-	1 218
	<b>Total</b>	<b>8 530 947</b>	<b>9 335 146</b>
<b>30</b>	<b>INTEREST EARNED - OUTSTANDING DEBTORS</b>		
	Interest Earned - Service Debtors	1 771 484	861 792
	Interest Earned - Penalty Interest on Property Rates	610 697	457 590
	<b>Total</b>	<b>2 382 181</b>	<b>1 319 382</b>
<b>31</b>	<b>OTHER INCOME</b>		
	Connections - Electricity	1 577 253	1 388 778
	Connections - Water	765 473	846 899
	Connections - Sewer	244 233	254 352
	Building Plan Fees	1 742 023	1 381 031
	Garden Refuse Removal	14 949	17 868
	Sundry Income	2 651 282	2 579 001
	<b>Total</b>	<b>6 995 213</b>	<b>6 467 929</b>
	Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.		
<b>32</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Basic Salaries and Wages	86 052 080	78 582 735
	Pension and UIF Contributions	13 319 373	12 379 072
	Medical Aid Contributions	4 552 904	4 123 877
	Overtime	4 166 459	3 613 543
	Motor Vehicle Allowance	5 876 906	5 591 655
	Cellphone Allowance	452 150	438 831
	Housing Allowances	1 074 654	1 002 027
	Acting Allowance	579 721	1 126 744
	Other benefits and allowances	4 163 041	3 546 076
	Workmens Compensation Contributions	559 663	701 867
	Payments in lieu of leave	1 300 470	1 431 456
	Long service awards	600 449	568 721
	Post Retirement Medical Benefits	2 509 799	2 512 615
	<b>Total</b>	<b>125 207 668</b>	<b>115 619 220</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>32 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<p>The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes over the festive season.</p>		
<b>Remuneration of Key Personnel</b>		
<p>All Managers are appointed on a 5-year contract, except for the current Director Infrastructure Services (Mr A Jacobs) who is appointed on a 10 year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:</p>		
<b>Remuneration of the Municipal Manager - D O'Neill (16/08/2017 to 31/07/2022)</b>		
Basic Salary	1 504 251	1 418 178
Pension and UIF Contributions	30 689	56 596
Medical Aid Contributions	50 342	47 305
Performance Bonus	124 834	116 276
Motor Vehicle Allowance	72 000	85 267
Cellphone Allowance	18 000	11 760
Payments in lieu of leave	38 898	165 810
Other benefits and allowances	105	99
Other Expenditure Reimbursed	67 826	45 542
<b>Total</b>	<b>1 906 945</b>	<b>1 946 833</b>
<b>Remuneration of the Community Services Manager - KM Mrali (01/08/2013 to 31/10/2018)</b>		
Basic Salary	283 913	959 085
Pension and UIF Contributions	54 733	189 773
Medical Aid Contributions	16 597	47 305
Performance Bonus	-	50 302
Motor Vehicle Allowance	12 000	37 252
Payments in lieu of leave	7 667	-
Other benefits and allowances	18 173	99
Other Expenditure Reimbursed	3 946	4 497
<b>Total</b>	<b>397 029</b>	<b>1 288 313</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 32 EMPLOYEE RELATED COSTS (CONTINUED)

	2019 R	2018 R
<b>Remuneration of the Corporate Services Manager - S Ngwevu (01/03/2013 to 28/02/2018)</b>		
Basic Salary	-	791 591
Pension and UIF Contributions	-	14 277
Medical Aid Contributions	-	3 942
Motor Vehicle Allowance	-	3 000
Cellphone Allowance	-	1 350
Other benefits and allowances	-	8
<b>Total</b>	<b>-</b>	<b>814 168</b>
<b>Remuneration of the Civil Engineering Services Manager - N Kotze (01/01/2013 to 31/12/2017)</b>		
Basic Salary	-	118 928
Pension and UIF Contributions	-	27 800
Medical Aid Contributions	-	7 884
Motor Vehicle Allowance	-	10 642
Payments in lieu of leave	-	143 664
Other benefits and allowances	-	17
<b>Total</b>	<b>-</b>	<b>308 935</b>
<b>Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/06/2028)</b>		
Basic Salary	975 523	29 033
Pension and UIF Contributions	15 891	149
Cellphone Allowance	16 200	461
Other Expenditure Reimbursed	56 228	-
<b>Total</b>	<b>1 063 842</b>	<b>29 643</b>
<b>Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2017 to 31/07/2022)</b>		
Basic Salary	1 172 880	1 110 456
Pension and UIF Contributions	1 785	31 174
Medical Aid Contributions	50 342	47 305
Performance Bonus	100 908	93 990
Motor Vehicle Allowance	120 000	120 000
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	-	214 059
Other benefits and allowances	-	33
Other Expenditure Reimbursed	22 044	26 093
<b>Total</b>	<b>1 482 358</b>	<b>1 657 510</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
<b>33</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Councillor Allowance	3 095 276	3 080 623
	Cellphone Allowance	488 400	240 900
	Motor Vehicle Allowance	1 241 999	1 162 788
	Pension Contributions	537 936	515 333
	Medical Aid Contributions	77 638	60 222
	<b>Total</b>	<b>5 441 248</b>	<b>5 059 866</b>
	<b>In-kind Benefits</b>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
	<b>Remuneration per Councillor</b>		
	Executive Mayor P J Swart	869 876	817 782
	Executive Deputy Mayor Z Tonisi	704 782	663 390
	Speaker J G A Niewoudt	705 147	660 879
	Councillor - Mayoral Committee G D Burger	663 850	621 468
	Councillor - Mayoral Committee M October	663 508	621 210
	Councillor - Part time D Jantjies	305 777	279 284
	Councillor - Part time E C Marthinus	305 777	279 284
	Councillor - Part time E Sauls	305 633	279 142
	Councillor - Part time C J Jacobs	305 633	279 142
	Councillor - Part time R J Baker	305 633	279 142
	Councillor - Part time D J Europa	305 633	279 142
	<b>Total</b>	<b>5 441 248</b>	<b>5 059 866</b>
<b>34</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions	9 248 405	7 978 306
	Receivables from non-exchange transactions	14 794 419	10 704 453
	<b>Total Debt Impairment</b>	<b>24 042 824</b>	<b>18 682 759</b>
	Movement in VAT included in debt impairment	(320 913)	(521 785)
	<b>Total</b>	<b>23 721 911</b>	<b>18 160 974</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
<b>35</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Investment Property	8 530	8 530
	Property, Plant and Equipment	11 420 235	10 586 716
	Intangible Assets	554 738	309 916
	Capitalised Restoration Cost (PPE)	1 113 553	1 129 958
	<b>Total</b>	<b>13 097 055</b>	<b>12 035 121</b>
<b>36</b>	<b>IMPAIRMENTS</b>		
	Capitalised Restoration Cost (PPE)	-	176 350
	<b>Total</b>	<b>-</b>	<b>176 350</b>
<b>37</b>	<b>REPAIRS AND MAINTENANCE</b>		
	The Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, the the items were reclassified to the following line items.		
	Employee Related Costs	38 667 718	33 845 988
	Contracted Services	13 350 449	12 192 967
	Other Expenditure	5 188 114	4 536 380
	<b>Total</b>	<b>57 206 281</b>	<b>50 575 336</b>
	In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:		
	Furniture, Office Equipment and Tools	560 801	422 203
	Buildings and Commonage	13 005 507	9 898 696
	Computer Software	3 034 018	2 526 444
	Vehicles	3 549 085	3 575 809
	Infrastructure: Roads and Stormwater	10 161 833	10 866 024
	Infrastructure: Electricity	7 526 239	6 713 817
	Infrastructure: Sewerage	6 924 304	5 825 146
	Infrastructure: Water	11 104 837	9 471 991
	Infrastructure: Refuse	1 339 656	1 275 206
	<b>Total</b>	<b>57 206 281</b>	<b>50 575 336</b>
<b>38</b>	<b>ACTUARIAL LOSSES</b>		
	Long Service Awards	-	302 372
	<b>Total</b>	<b>-</b>	<b>302 372</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
<b>39</b>	<b>FINANCE CHARGES</b>		
	<b>Finance Charges - Cash</b>	<b>1 856 421</b>	<b>490 202</b>
	Annuity Loans	1 856 421	473 824
	Finance Lease Liabilities	-	16 377
	<b>Finance Charges - Non-Cash</b>	<b>9 530 778</b>	<b>8 942 489</b>
	Rehabilitation Provision - Landfill Sites	4 292 531	4 109 989
	Post Retirement Medical Benefits	4 538 661	4 245 462
	Long Service Awards	699 586	587 038
	<b>Total</b>	<b>11 387 200</b>	<b>9 432 690</b>
<b>40</b>	<b>BULK PURCHASES</b>		
	Electricity	76 582 732	75 188 246
	Water	177 960	169 463
	<b>Total</b>	<b>76 760 692</b>	<b>75 357 709</b>
<b>41</b>	<b>CONTRACTED SERVICES</b>		
	Audit Committee	111 552	29 176
	Builders	1 273 739	-
	Cleaning Services	-	1 572
	Clearing & Grass Cutting Services	21 200	65 638
	Debt Collection Services	106 824	85 749
	Electrical	960 137	-
	Fire Services	1 007 950	750 000
	Information Technology Support	3 418 007	2 895 596
	Legal fees	431 171	291 992
	Maintenance of Buildings and Facilities	7 883 612	7 055 814
	Maintenance of Equipment and Other Assets	2 673 215	2 772 217
	Professional Services	4 538 967	2 881 243
	Property Valuation	96 951	88 300
	Refuse Removal	2 488 799	2 550 498
	Roads and Stormwater	-	12 500
	Security Services	606 466	660 680
	Traffic Fine Management	1 404 742	907 544
	<b>Total</b>	<b>27 023 332</b>	<b>21 048 517</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>42 TRANSFERS AND GRANTS</b>		
Contribution - Elim Community	268 544	25 736
Contribution - Kassiebaai Community	60 000	120 000
Contribution - Shipwreck Museum	45 652	45 652
Contribution - Tourism Buro	-	900 900
Contribution - Overberg Radio	-	120 000
Contribution - Ons Huis	50 000	50 000
Contribution - Save House	100 000	100 000
Public Funded Grants	39 140	30 000
Subsidy - Low Cost Housing	17 633	5 919
<b>Total</b>	<b>580 970</b>	<b>1 398 206</b>
<b>43 OTHER EXPENDITURE</b>		
Advertising	298 714	264 418
Audit fees	3 119 129	3 105 768
Bank Charges	1 139 285	1 040 780
Bursaries	1 668 840	2 999 120
Chemicals	2 429 055	2 314 176
Cleaning material	265 557	248 955
Cleaning services & washing	98 872	95 947
Commission Paid	1 831 666	1 512 583
Conferences & Seminars	80 385	46 148
Donations	124 000	119 980
Entertainment costs	193 161	217 573
Equipment Hire	269 524	180 066
Free Basic Electricity	416 932	361 686
Fuel Cost	3 433 089	2 776 372
Insurance	987 419	660 131
License fees	4 280	5 822
License fees - Vehicles	173 877	186 961
Life Guards (Beaches)	350 405	237 870
Local Economic Development	106 188	50 000
Maintenance Materials and Small Tools	1 351 624	1 162 162
Marketing	625 821	477 640
Oil & Lubricants	78 725	22 232
Postage	751 537	710 275
Printing & Stationery	764 972	882 759
Protective Clothing	501 848	422 194
Public Communication	42 016	151 723
Recruiting Costs	12 394	32 018
Refuse Bags	577 380	752 162

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>43 OTHER EXPENDITURE (CONTINUED)</b>		
Rental Paid	818 571	738 562
Service Charges	1 036 027	947 125
Service connections - new	143 732	190 791
Shared Services - Risk Management	79 200	118 928
Social Assistance	33 759	86 293
Socio-Economic Development	230 242	161 198
Structure - & Zoning planning	182 830	29 900
Subscriptions - Organisations	1 203 744	1 168 538
Subsistence & Travel Allowances	1 330 699	1 208 817
Telephone costs	1 395 103	915 953
Training & Development - Staff	1 939 170	1 587 051
Training Levy	1 007 447	906 119
Tyres	260 876	211 860
Union Representative	32 522	36 929
Ward Committees	96 961	510 884
Other	2 355 541	1 839 001
<b>Total</b>	<b>33 843 117</b>	<b>31 695 468</b>
<b>44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>44.01 OPERATING LEASE ASSETS</b>		
Balance previously reported		217 306
Lease contract previously excluded from lease asset calculations		78 793
Effect on 30 June 2017 - Refer to 44.05		94 726
Effect on 30 June 2018 - Refer to 44.06		(15 933)
<b>Restated Balance on 30 June 2018</b>		<b>296 099</b>
<b>44.02 INVESTMENT PROPERTY</b>		
Balance previously reported		40 553 199
Correction of Properties incorrectly included/excluded from register on 30 June 2017 - Refer to note 44.05		(309 000)
<b>Restated Balance on 30 June 2018</b>		<b>40 244 199</b>
<b>44.03 PROPERTY PLANT AND EQUIPMENT</b>		
Balance previously reported		342 197 719
Correction of Properties incorrectly included/excluded from register on 30 June 2017 - Refer to note 44.05		(31 500)
<b>Restated Balance on 30 June 2018</b>		<b>342 166 219</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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### 44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

#### 44.04 PAYABLES FROM EXCHANGE TRANSACTIONS

<b>Balance previously reported</b>	<b>24 671 978</b>
Accrue for SARS portion incorrectly not accrued for on Corporate Service Director salary on 30 June 2018 - Refer to note 44.06	77 056
<b>Restated Balance on 30 June 2018</b>	<b>24 749 034</b>

#### 44.05 ACCUMULATED SURPLUS

<b>Balance previously reported</b>	<b>301 540 079</b>
Corrections relating to 2017/2018 - Refer to note 44.06	(92 989)
<u>Corrections up to 30 June 2017</u>	
Lease contract previously excluded from lease asset calculations - Refer to note 44.01	94 726
Correction of Properties incorrectly included/excluded from register on 30 June 2017 (Investment Property) - Refer to note 44.02	(309 000)
Correction of Properties incorrectly included/excluded from register on 30 June 2017 (PPE) - Refer to note 44.03	(31 500)
<b>Restated Balance on 30 June 2018</b>	<b>301 201 316</b>

#### 44.06 STATEMENT OF FINANCIAL PERFORMANCE

<b>Surplus previously reported</b>	<b>22 250 093</b>
Lease contract previously excluded from lease asset calculations - Refer to note 44.01	(15 933)
Accrue for SARS portion incorrectly not accrued for on Corporate Service Director salary on 30 June 2018 - Refer to note 44.04	(77 056)
Correct split between Contracted Services and Other Expenditure	-
Effect on Contracted Services	(2 658 476)
Effect on Other Expenditure	2 658 476
<b>Restated Balance on 30 June 2018</b>	<b>22 157 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019	2018
	R	R
<b>45 NET CASH FROM OPERATING ACTIVITIES</b>		
<b>Net Surplus for the year</b>	40 716 037	22 157 104
Adjusted for:		
Non-Cash Revenue	(20 047 010)	(16 956 276)
Actuarial Gains	(14 548 917)	(4 669 007)
Gain on Disposal of PPE	(5 374 242)	(4 584 345)
Decrease in Landfill Site Provision	(123 852)	-
Contributed Assets	-	(7 702 924)
Non-Cash Expenditure	46 518 454	40 156 366
Debt Impairment	23 721 911	18 160 974
Depreciation and Amortisation	13 097 055	12 035 121
Impairments	-	176 350
Actuarial losses	-	302 372
Finance Charges	9 530 778	8 942 489
Loss on disposal of PPE	168 710	539 061
Contributions - Provisions and Employee Benefits	10 941 306	10 370 408
Post Retirement Medical Benefits	2 509 799	2 512 615
Long Service Awards	600 449	568 721
Performance Bonuses	223 199	(91 995)
Bonuses	6 307 389	5 949 611
Staff Leave	1 300 470	1 431 456
Expenditure - Provisions and Employee Benefits	(8 734 301)	(8 283 977)
Post Retirement Medical Benefits	(1 097 604)	(933 563)
Long Service Awards	(621 122)	(513 630)
Performance Bonuses	(225 742)	(260 568)
Bonuses	(6 117 357)	(5 496 429)
Staff Leave	(672 476)	(1 079 787)
Other adjustments	(13 629 185)	(4 429 852)
Bad Debts Written Off	(13 618 316)	(4 371 748)
Movement on Operating Lease Asset	(25 543)	(60 617)
Movement on Operating Lease Liability	14 675	2 513
Operating Surplus before changes in working capital	55 765 301	43 013 773
Movement in working capital	(1 668 759)	(17 314 129)
Receivables (Exchange and Non-Exchange)	(10 770 028)	(9 638 161)
Inventory	(354 437)	18 869
Payables from exchange transactions	7 827 293	(7 391 913)
Unspent Conditional Government Grants	670 256	(969 540)
Unspent Public Contributions	11 567	29 257
Taxes	946 590	637 359
<b>Cash Flow from Operating Activities</b>	<b>54 096 542</b>	<b>25 699 644</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>46 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	25 468 502	32 751 461
Call and Notice Deposits	58 254 000	15 000 000
Cash Floats	16 368	16 850
<b>Total</b>	<b>83 738 870</b>	<b>47 768 311</b>

Refer to note 2 for more details relating to cash and cash equivalents.

### 47 BUDGET COMPARISONS

#### 47.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

##### Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

##### Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items as well as the items highlighted in the reasons for deviations:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Insurance Receipts.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 47 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure and Materials and Actuarial Losses.

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

### 47.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

Cash and Call Investments	As a result of conservative budget assumptions and projected revenue and expenditure trends the municipality had to review and align its cash budget accordingly to be more in line with realistic anticipated actual cash projections towards financial year end.
Consumer Debtors	Based on the previous years actual results and projected debt collection trends the municipality had to review and align its budget to more realistic in terms of anticipated outcome
Property, Plant And Equipment	Align budget to the prior year actual results and incorporate adjustments to proposed capital budget and depreciation charges mainly due to projected savings anticipated
Trade and Other Payables	Adjust payables in line with revised and projected expenditure trends and assumptions relating to period of payment days.
Borrowing (Current and Non Current)	Align budget to the prior year actual results and projected results anticipated.
Accumulated Surplus	Align budget to prior year audited figures and incorporated revises budgeted revenue and expenditure.
Reserves	Adjustment based on the prior year actual results and projected cash levels to support the reserve balance.

#### Statement of financial position - Budget versus Actual

Cash and Call Investments	Improved cash levels mainly the result of a conservative approach when budgeting for cash as well as material unspent loans 30 June 2019.
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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

47

### BUDGET COMPARISONS (CONTINUED)

Consumer Debtors	Main reason for the deviation is largely due to improved credit control results and indigents debt been written off during the financial year under review. Challenges remain due to tough and poor economic circumstances and ability to pay.
Borrowing (Current and Non Current)	Variance of R 17 million due to annuity loan raised during June 2019 which were not factored into the budgeted expenditure trends for 2018/19. Unspent loan to be utilised subsequent to year-end.
Trade and Other Payables	Variance mainly due to trade payable linked to housing. Budget assumptions anticipated that all housing related payments would be made within the financial year when the expense were incurred.
Provisions and Employee Benefits	Actuarial assumptions in favour of the municipality resulted in a significant decrease in Post Retirement Medical Obligation on 30 June 2019
Accumulated Surplus	Variance due to significant higher surplus for the year compared to budget projection.
Reserves	Initial cash trend during budget compilation did not project sufficient cash levels to support actual increase in line with council's strategy. The actual increase in Capital Replacement Reserve is aligned with council's strategic objective.

### Statement of financial performance - Budget Adjustments

Debt Impairment	Align debt impairment to prior year actual results as well as projected recovery rates.
Other Materials and Expenditure	Adjust Expenditure based on revised expenditure trends and grant allocations received.
Transfers Recognised - Capital	Adjustment mainly due to additional grant funding allocations i.r.o Municipal Infrastructure Grant and an adjustment between operating versus capital expenditure - RSEP grant.

### Statement of financial performance - Budget versus Actual

Rental Of Facilities and Equipment	Difference due to Camping fees being budgeted for as part of Other Revenue in terms of NT Classification, while accurately accounted for as part of Rental and Facilities and Equipment (R 6.4 million)
Fines	Increase in traffic fines mainly as a result of increased activity on the operations of law enforcement not anticipated during compilation of budget.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

47

### BUDGET COMPARISONS (CONTINUED)

Transfers Recognised - Operational	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency bases.
Other Income	Actuarial assumptions in favour of the municipality resulted in a significant decrease in Post Retirement Medical Obligation on 30 June 2019. Also refer Rental of Facilities and Equipment relating to Camping Fees Budget.
Debt Impairment	Variance mainly the result of an increase in fines issued where the recovery rate is very low.
Bulk Purchases	Significant savings due to tight controls relating to electricity losses and demand side management initiatives implemented during recent financial years.
Other Expenditure and Materials	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency bases.
Transfers Recognised - Capital	Energy Efficiency Demand Side Management expenditure incorrectly budgeted for as part of operating expenditure. Nature of expense were determined to be capital when municipality unbundled infrastructure for accounting purposes in line with GRAP 17.

### Cash Flow Statement - Budget Adjustments

Service Charges	Align budget assumptions relating to recovery rates to audited financial results of 2017/18.
Government - Capital	Adjustment mainly due to additional grant funding allocations i.r.o Municipal Infrastructure Grant and an adjustment between operating versus capital expenditure - RSEP grant.
Capital Assets	Increase mainly the result of new capital grant allocations.
New Loans Raised	Audited unspent loans on 30 June 2018 were indicative that new external loans were not required during 2018/19 to fund proposed program from external funding.
Cash Opening Balance	Align opening balance to audited results on 30 June 2018

### Cash Flow Statement - Budget versus Actual

Property Rates and Services Charges and Other Revenue	Variance mainly due to higher than expected revenue raised compared to the budget allocations provided for.
Government - Operating	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency bases.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 47 BUDGET COMPARISONS (CONTINUED)

Government - Capital	Energy Efficiency Demand Side Management expenditure incorrectly budgeted for as part of operating expenditure. Nature of expense were determined to be capital when municipality unbundled infrastructure for accounting purposes in line with GRAP 17.
Interest	Higher cash balances on average during the financial year that attracted investment interest. This can largely be attributed to significant unspent loan balances.
Suppliers and Employees	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency basis.
New Loans Raised	Variance of R 17 million due to annuity loan raised during June 2019 which were not factored into the budgeted expenditure trends for 2018/19. Unspent loan to be utilised subsequent to year-end.

### 48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 48.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

	2019 R	2018 R
Opening balance	2 873 761	1 993 509
Unauthorised expenditure current year - operating	-	2 873 761
Unauthorised expenditure current year - capital	3 145 970	-
Approved by Council	(2 873 761)	(1 993 509)
<b>Unauthorised expenditure awaiting approval</b>	<b>3 145 970</b>	<b>2 873 761</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

48	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
		<b>(Actual)</b>	<b>(Final Budget)</b>	<b>(Unauthorised)</b>
		<b>R</b>	<b>R</b>	<b>R</b>
	<b>Unauthorised expenditure - Operating</b>			
	Engineering Services	162 218 070	174 280 535	-
	Executive and Council	41 771 211	43 139 350	-
	Financial Services & ICT	57 059 224	57 333 057	-
	Management Services	56 183 398	84 698 560	-
	<b>Total</b>	<b>317 231 903</b>	<b>359 451 502</b>	<b>-</b>
	<b>Unauthorised expenditure - Capital</b>			
	Engineering Services	29 568 083	26 424 005	3 144 078
	Executive and Council	1 618 863	1 959 130	-
	Financial Services & ICT	2 063 746	2 061 854	1 892
	Management Services	3 995 021	4 317 195	-
	<b>Total</b>	<b>37 245 713</b>	<b>34 762 184</b>	<b>3 145 970</b>
		<b>2019</b>	<b>2018</b>	
		<b>R</b>	<b>R</b>	

### 48.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	107 870	441 754
Fruitless and wasteful expenditure incurred	38 000	107 870
Approved by Council	(107 870)	(441 754)
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>38 000</b>	<b>107 870</b>

Details of Fruitless and wasteful expenditure incurred :

Pre-payment before services provided	25 000	-
Request for Donation - payment duplicated	3 000	-
Incorrect supplier payment - Recovered in May 2019	10 000	-
Interest on late payment ESKOM	-	4 670
Training not completed Councillors / Officials	-	102 200
Incorrect EPWP salary payment	-	1 000
<b>Total</b>	<b>38 000</b>	<b>107 870</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

48

### UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The fruitless and wasteful expenditure has been referred to the internal audit for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

#### 48.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	250 708	272 339
Irregular expenditure incurred	2 160	250 708
Approved by Council	(250 708)	(272 339)
<b>Irregular expenditure awaiting approval</b>	<b>2 160</b>	<b>250 708</b>
Details of Irregular expenditure incurred :		
Non-compliance i.r.o SCM procurement processes	2 160	-
Contravention of SCM Regulation 36 (1) - Deviation approved for additional work by supplier that significantly differs from scope included in original award	-	48 375
Contravention of SCM Regulation 29 (4)	-	202 333
<b>Total</b>	<b>2 160</b>	<b>250 708</b>

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2019	2018
<b>48.4 MATERIAL LOSSES</b>		
<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	76 293 217	77 015 632
- Units lost during distribution (Kwh)	4 956 856	5 336 516
- Percentage lost during distribution	6.50%	6.93%
- Rand Value of Loss	3 668 073	3 682 196
<b>Water distribution losses</b>		
- Kilo litres purified	2 950 603	2 741 319
- Kilo litres lost during distribution	357 786	379 571
- Percentage lost during distribution	12.13%	13.85%
- Rand Value of Loss	801 441	766 733

The improvement in water losses can mainly be attributed to less pipe leaks experienced in the current year as well as the upgrading/repair of old infrastructure (such as bulk meters)

	2019 R	2018 R
<b>49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>49.1 Salga Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	(1 179 159)	(1 053 911)
Expenditure incurred	1 179 159	1 053 911
Payments	(1 247 787)	(1 179 159)
<b>Payments in advance</b>	<b>(1 247 787)</b>	<b>(1 179 159)</b>

### 49.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	3 230 681	3 134 944
External Audit - Auditor-General	3 119 129	3 105 768
Audit Committee	111 552	29 176
Payments	(3 230 681)	(3 134 944)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	2019 R	2018 R
<b>49.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	20 568	(172 130)
Amounts received during the year	(2 077 740)	(2 733 645)
Amounts paid during the year	5 043 560	6 627 760
Output VAT Payable	(29 609 353)	(27 022 382)
Input VAT Claimable	24 994 141	23 320 965
<b>Outstanding Balance</b>	<b>(1 628 824)</b>	<b>20 568</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>3 142</b>	<b>(699 660)</b>

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

### 49.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Payments due to SARS	18 964 725	16 907 630
Payments	(18 964 725)	(16 907 630)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

### 49.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Payments due to pension fund and medical aid	28 015 028	27 607 442
Payments	(28 015 028)	(27 607 442)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

### 49.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following Councillor were in arrears for more than 90 days during the relevant financial year:

Councillor T Zukiswa	Jul - Sept 2018	3 291	-
Councillor D Europa	Oct - Dec 2018	2 342	-
Councillor D Europa	March - June 2019	3 345	-

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

2019  
R

2018  
R

#### 49.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management  
Regulations were identified on the following categories:

##### Emergency (SCM 36 (1) (a) (i)):

Less than R 30 000	12 046	36 856
Between R 30 000 and R 200 000	568 603	331 129
<b>Total</b>	<b>580 650</b>	<b>367 985</b>

##### Sole Provider (SCM 36 (1) (a) (ii)):

Less than R 30 000	300 593	375 397
Between R 30 000 and R 200 000	576 755	513 152
More than R 200 000	287 500	1 195 263
<b>Total</b>	<b>1 164 847</b>	<b>2 083 811</b>

##### Impractical or Impossible (SCM 36 (1) (a) (v)):

Less than R 30 000	269 998	352 925
Between R 30 000 and R 200 000	689 279	701 075
<b>Total</b>	<b>959 276</b>	<b>1 054 000</b>

##### Total Deviations

Less than R 30 000	582 636	765 178
Between R 30 000 and R 200 000	1 834 637	1 545 356
More than R 200 000	287 500	1 195 263
<b>Total</b>	<b>2 704 773</b>	<b>3 505 797</b>

#### 49.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

#### 49.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged  
with the following employees in service of the state (SCM  
44)

None

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
<b>49</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
	During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)		
	<u>Name (State institution)</u>	<u>Supplier name</u>	
	TL Du Toit (Department of Health)	Cape Agulhas Civils	2 781 960
	N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	45 367
	V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Alluminium Design	157 385
	Spouse of Director is employed by Western Cape Education Department	Ikapa Reticulation & Flow	652 265
	AJ van der Walt (Spouse) of owner IS in service of Denel OTR	Bren Jac-Lin CC T/A Undercover	-
	JN du Toit (Spouse of Director employed by the City of Cape)	Kemanzi (Pty) Ltd	53 911
	Spouse of Director - V van der Heever is a teacher Western Cape Education Department	Democratic Packaging CC	227 815
	Nadira Andhee wife of Ujush Andhee (Director) is employed as an Educator in KZN.	Piston Power Chemicals CC	98 068
	Spouse of a employee at SAPS (Parow Branch)	JC Refridgeration Cape CC	-
	<b>Total</b>	<b>4 016 770</b>	<b>5 841 965</b>
<b>50</b>	<b>CAPITAL COMMITMENTS</b>		
	<b>Commitments in respect of Capital Expenditure:</b>	<b>14 196 493</b>	<b>2 799 246</b>
	Approved and contracted for:		
	Supply & Delivery of Wheelie Bins	1 189 350	-
	Upgrading of RDP roads: Bredasdorp	1 798 893	-
	Reseal of roads: Bredasdorp	280 794	-
	Supply & Delivery of Shipping Containers	1 655 539	-
	Equipping of Boreholes: Napier & Suiderstrand	457 298	-
	Multi Access Network, Services & Component	8 814 618	-



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>50 CAPITAL COMMITMENTS (CONTINUED)</b>		
VESTA i.r.o Asset register (Additional cost not part of the National Treasury - RT25 Tender)	-	344 650
Upgrading of Tidal Pools - L'Agulhas	-	561 354
Establishment of Server Room - Napier Offices	-	129 894
Paving of Side walks - L'Agulhas	-	1 370 829
2000W Metal Halide Floodlights	-	349 319
Time and Attendance System	-	43 200
<b>Total</b>	<b>14 196 493</b>	<b>2 799 246</b>
This expenditure will be financed from:		
Internal Funding - CRR	10 208 249	2 449 927
External Loans	1 189 350	-
Government Grants	2 798 893	349 319
<b>Total</b>	<b>14 196 493</b>	<b>2 799 246</b>

### 51 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

#### 51.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

	2019 R	2018 R
Cash and Cash Equivalents	83 722 502	47 751 461
Receivables from exchange transactions	25 059 661	26 056 267
Current Portion of Long-term Receivables	7 681	7 248
Long-Term Receivables	184 455	211 619
<b>Total</b>	<b>108 974 299</b>	<b>74 026 595</b>

#### Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2018 - R 50 000)

Also refer to deposit linked to an Eskom Guarantee included in note 2

#### Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

	2019	2018
	R	R
Electricity	2 250 262	2 174 131
Water	1 232 108	1 137 081
Refuse	970 872	937 802
Sewerage	627 493	653 450
Other Services	1 795 926	1 357 595
<b>Total</b>	<b>6 876 661</b>	<b>6 260 060</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

#### 51.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

The financial instruments of the municipality is not directly exposed to any currency risk.

#### 51.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

	2019 R	2018 R
Cash and Cash Equivalents (Excluding Cash on Hand)	83 722 502	47 751 461
Long-term Liabilities (Including Current Portion)	(32 752 801)	(19 258 961)
Non-Current Provisions (Including Current Portion)	(73 337 448)	(69 781 716)
<b>Net balance exposed</b>	<b>(22 367 747)</b>	<b>(41 289 217)</b>

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2018 - 0.5%) increase in interest rates	(111 839)	(206 446)
1% (2018 - 1%) decrease in interest rates	223 677	412 892

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 51.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

30 JUNE 2019	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	9 058 813	24 875 210	11 372 322
Rehabilitation Provision	-	5 972 564	860 890 012
Payables from exchange transactions	28 745 768	-	-
Unspent Conditional Government Grants	1 070 716	-	-
Unspent Public Contributions	78 086	-	-
<b>Total</b>	<b>38 953 383</b>	<b>30 847 774</b>	<b>872 262 334</b>
30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 355 811	14 645 747	6 640 236
Rehabilitation Provision	-	5 720 991	782 756 718
Payables from exchange transactions	22 489 121	-	-
Unspent Conditional Government Grants	400 460	-	-
Unspent Public Contributions	66 519	-	-
<b>Total</b>	<b>28 311 911</b>	<b>20 366 737</b>	<b>789 396 953</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

Although the rehabilitation provision, the unspent conditional government grant and unspent public contribution is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

#### 51.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

### 52 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

#### Financial Assets

	2019 R	2018 R
Cash and Cash Equivalents	83 738 870	47 768 311
Receivables from exchange transactions	25 059 661	26 056 267
Current Portion of Long-term Receivables	7 681	7 248
Long-Term Receivables	184 455	211 619
<b>Total</b>	<b>108 990 667</b>	<b>74 043 445</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	5 962 686	3 506 160
Payables from exchange transactions	28 745 768	22 489 121
Unspent Conditional Government Grants	1 070 716	400 460
Unspent Public Contributions	78 086	66 519
Long-term Liabilities	26 790 115	15 752 801
<b>Total</b>	<b>62 647 371</b>	<b>42 215 061</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019 R	2018 R
53	<b>STATUTORY RECEIVABLES</b>		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	<b>Receivables from Non-Exchange Transactions</b>		
	Rates	12 330 581	10 168 421
	Fines	20 383 600	14 683 500
	<b>Total</b>	<b>32 714 181</b>	<b>24 851 921</b>
	Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above.		
	Rates Receivable past due not impaired	1 251 742	1 042 611

### 54 EVENTS AFTER REPORTING DATE

None

### 55 IN-KIND DONATIONS AND ASSISTANCE

The Department of Corporate Governance and Human Settlements made an in-kind contribution for the provision of basic services in area H for GAP Housing to the amount of R6 804 347 during 2017/18.

The Cape Agulhas Municipality received a private in-kind contribution for a medium voltage cable network to the amount of R 871 877 during 2017/18 for the Suiderstrand Area (Stand 4715)

Refer to notes 24 and 25 for more detail regarding to public contributions and and other assistance/donated assets received.

The municipality received in-kind assistance from National Treasury relating to revenue enhancement support. The service received in kind is not quantified in the records of the municipality as it is not considered significant compared to the operations of the municipality.

### 56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 57 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

#### 57.1

The municipality does not have a permit or license for Waenhuiskrans landfill site currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. The municipality is in discussion with the Department of Environmental Affairs to address the outstanding issue and according to feedback they in process review the requirement due to the low volumes involved

#### 57.2 Guarantees in favour of the following third parties - Post Office - R 50 000 (2018 - R 50 000)

### 58 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 59 RELATED PARTIES

Related parties are defined in note 1.35

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 32 and 33

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2018, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016; 30 June 2017; 30 June 2018 and 30 June 2019). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

59

### RELATED PARTIES

2019  
R

2018  
R

The following purchases were made during the year where Councillors, Management or Employees have an interest:

<u>Entity</u>	<u>Employee</u>		
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	20 000	25 025
Diedericks Construction (Brother	J Diedericks	213 530	-
Enid Benetha Marie Atkins (Catering - Dinner for Local Tours)	T Atkins	2 600	-
EE Spandiel (Catering & Refreshments)	H Spandiel	11 546	15 983
M Waxa T/A Tamtura Waxa Taxi Services (Brother and Sister of X Waxa, T Waxa and B Waxa)	X Waxa, T Waxa and B Waxa	-	3 200
<b>Total</b>		<b>247 675</b>	<b>44 208</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 60 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Financial Performance</b>						
Property rates	63 981 100	-	63 981 100	66 106 657	2 125 557	60 731 610
Service charges	163 708 100	-	163 708 100	166 006 985	2 298 885	152 889 324
Investment revenue	2 285 800	-	2 285 800	5 168 649	2 882 849	2 821 294
Transfers recognised - operational	79 149 533	498 190	79 647 723	41 189 131	(38 458 592)	37 463 553
Other own revenue	32 106 300	539 600	32 645 900	58 794 161	26 148 261	38 917 373
<b>Total Operating Revenue</b>	<b>341 230 833</b>	<b>1 037 790</b>	<b>342 268 623</b>	<b>337 265 583</b>	<b>(5 003 040)</b>	<b>292 823 153</b>
Employee costs	123 373 200	194 930	123 568 130	125 207 668	1 639 538	112 925 297
Remuneration of councillors	5 513 600	41 400	5 555 000	5 441 248	(113 752)	5 059 866
Debt impairment	9 339 300	3 858 660	13 197 960	23 721 911	10 523 951	18 160 974
Depreciation & asset impairment	11 921 700	78 000	11 999 700	13 097 055	1 097 355	12 211 471
Finance charges	9 438 700	561 600	10 000 300	11 387 200	1 386 900	9 432 690
Materials and bulk purchases	82 397 500	(1 046 500)	81 351 000	76 760 692	(4 590 308)	75 357 709
Transfers and grants	1 919 800	930 000	2 849 800	580 970	(2 268 830)	5 268 126
Other expenditure	106 550 200	4 379 412	110 929 612	61 035 160	(49 894 452)	52 409 422
<b>Total Expenditure</b>	<b>350 454 000</b>	<b>8 997 502</b>	<b>359 451 502</b>	<b>317 231 903</b>	<b>(42 219 599)</b>	<b>290 825 555</b>
<b>Surplus/(Deficit)</b>	<b>(9 223 167)</b>	<b>(7 959 712)</b>	<b>(17 182 879)</b>	<b>20 033 680</b>	<b>37 216 559</b>	<b>1 997 598</b>
Transfers recognised - capital	12 280 867	4 135 010	16 415 877	20 682 357	4 266 480	12 456 582
Contributed Assets	130 000	-	130 000	-	(130 000)	7 702 924
<b>Surplus/(Deficit) for the year</b>	<b>3 187 700</b>	<b>(3 824 702)</b>	<b>(637 002)</b>	<b>40 716 037</b>	<b>41 353 039</b>	<b>22 157 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 60 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>30 945 767</b>	<b>3 816 417</b>	<b>34 762 184</b>	<b>37 245 713</b>	<b>2 483 529</b>	<b>32 032 730</b>
Transfers recognised - capital	12 280 867	5 135 010	17 415 877	20 682 357	3 266 480	12 456 582
Public contributions & donations	130 000	-	130 000	-	(130 000)	7 702 924
Borrowing	7 621 500	(1 295 200)	6 326 300	6 623 301	297 001	4 483 620
Internally generated funds	10 913 400	(23 393)	10 890 007	9 940 056	(949 951)	7 389 605
<b>Total sources of capital funds</b>	<b>30 945 767</b>	<b>3 816 417</b>	<b>34 762 184</b>	<b>37 245 713</b>	<b>2 483 529</b>	<b>32 032 730</b>
<b>Cash flows</b>						
Net cash from (used) operating	11 968 256	27 625	11 995 881	54 096 542	42 100 661	25 699 644
Net cash from (used) investing	(22 984 650)	(3 970 286)	(26 954 936)	(31 808 852)	(4 853 915)	(19 072 221)
Net cash from (used) financing	5 063 053	(8 298 766)	(3 235 713)	13 682 869	16 918 582	16 779 419
<b>Net Cash Movement for the year</b>	<b>(5 953 342)</b>	<b>(12 241 427)</b>	<b>(18 194 768)</b>	<b>35 970 560</b>	<b>54 165 328</b>	<b>23 406 842</b>
Cash/cash equivalents at beginning of year	25 573 774	22 194 536	47 768 311	47 768 311	-	24 361 469
<b>Cash/cash equivalents at the year end</b>	<b>19 620 433</b>	<b>9 953 110</b>	<b>29 573 542</b>	<b>83 738 871</b>	<b>54 165 328</b>	<b>47 768 310</b>

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2018 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2019 R
<b><u>ANNUITY LOANS</u></b>							
ABSA	3044713107	10.60%	2026/06/30	1 053 884	-	(88 501)	965 383
ABSA	88397067	10.60%	2021/06/30	482 747	-	(144 855)	337 892
ABSA	88399019	10.60%	2021/06/30	211 814	-	(63 558)	148 256
ABSA	88396435	10.60%	2021/06/30	120 122	-	(36 044)	84 078
ABSA	88583065	10.60%	2021/06/30	143 287	-	(42 995)	100 292
ABSA	3046537820	9.84%	2027/06/30	2 247 107	-	(163 540)	2 083 567
NEDBANK	Vehicle Fleet	9.20%	2021/06/30	5 000 000	-	(1 666 667)	3 333 333
NEDBANK	INFRA 1	9.64%	2023/06/30	3 000 000	-	(600 000)	2 400 000
NEDBANK	INFRA 2	10.35%	2028/06/30	7 000 000	-	(700 000)	6 300 000
NEDBANK	INFRA 3	9.92%	2029/06/30	-	10 000 000	-	10 000 000
NEDBANK	INFRA 4	9.30%	2024/06/30	-	4 120 000	-	4 120 000
NEDBANK	Asset Finance	9.30%	2024/06/30	-	2 880 000	-	2 880 000
<b>Total Annuity Loans</b>				<b>19 258 961</b>	<b>17 000 000</b>	<b>(3 506 160)</b>	<b>32 752 801</b>
<b>Total Long-Term Liabilities</b>				<b>19 258 961</b>	<b>17 000 000</b>	<b>(3 506 160)</b>	<b>32 752 801</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2019

30 June 2019	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Land and Buildings</b>	<b>84 740 909</b>	<b>787 094</b>	<b>-</b>	<b>85 528 003</b>	<b>10 932 648</b>	<b>314 488</b>	<b>-</b>	<b>11 247 137</b>	<b>74 280 866</b>
Land	55 667 558	-	-	55 667 558	-	-	-	-	55 667 558
Buildings	29 073 351	787 094	-	29 860 445	10 932 648	314 488	-	11 247 137	18 613 308
<b>Infrastructure</b>	<b>286 877 952</b>	<b>26 610 209</b>	<b>(8 420)</b>	<b>313 479 741</b>	<b>67 093 082</b>	<b>7 775 437</b>	<b>(4 509)</b>	<b>74 864 010</b>	<b>238 615 730</b>
Roads and Storm water	109 794 220	15 233 705	-	125 027 925	18 612 689	3 037 929	-	21 650 619	103 377 306
Electricity Network	61 723 966	9 040 647	(6 221)	70 758 391	15 026 447	1 560 756	(2 328)	16 584 874	54 173 517
Sewerage Network	59 599 114	896 267	-	60 495 381	12 955 176	1 861 968	-	14 817 144	45 678 237
Water Network	53 660 994	1 439 591	(2 200)	55 098 385	18 932 261	1 252 235	(2 180)	20 182 315	34 916 069
Refuse Removal	2 099 659	-	-	2 099 659	1 566 510	62 549	-	1 629 058	470 600
<b>Community Assets</b>	<b>28 653 349</b>	<b>3 819 302</b>	<b>-</b>	<b>32 472 651</b>	<b>3 201 907</b>	<b>499 621</b>	<b>-</b>	<b>3 701 528</b>	<b>28 771 123</b>
Cemeteries	320 729	-	-	320 729	4 215	4 164	-	8 379	312 351
Clinics	201 995	-	-	201 995	33 852	1 920	-	35 772	166 222
Community Halls	13 191 609	551 062	-	13 742 671	619 726	147 611	-	767 337	12 975 334
Libraries	4 807 443	71 000	-	4 878 443	1 595 543	65 809	-	1 661 352	3 217 091
Parks & Gardens	3 959 226	898 518	-	4 857 743	285 835	127 085	-	412 920	4 444 824
Recreation Grounds	1 766 423	-	-	1 766 423	317 148	24 678	-	341 826	1 424 597
Sports facilities	4 265 525	1 466 413	-	5 731 938	345 588	128 354	-	473 942	5 257 996
Markets	140 400	832 309	-	972 709	-	-	-	-	972 709
<b>Lease Assets</b>	<b>1 177 811</b>	<b>-</b>	<b>-</b>	<b>1 177 811</b>	<b>635 213</b>	<b>175 059</b>	<b>-</b>	<b>810 272</b>	<b>367 539</b>
Leased Assets - Office Machines	1 177 811	-	-	1 177 811	635 213	175 059	-	810 272	367 539

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2019

30 JUNE 2019 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Other Assets</b>	<b>38 573 333</b>	<b>5 634 321</b>	<b>(457 507)</b>	<b>43 750 147</b>	<b>15 994 287</b>	<b>2 655 629</b>	<b>(292 709)</b>	<b>18 357 206</b>	<b>25 392 941</b>
Computer Hardware	5 487 098	1 566 657	(118 369)	6 935 386	2 215 139	589 645	(77 531)	2 727 254	4 208 132
Furniture and Office Equipment	7 558 439	459 904	(118 145)	7 900 198	2 729 616	573 074	(79 242)	3 223 448	4 676 749
Vehicles	13 424 820	-	(152 703)	13 272 116	6 684 623	785 562	(85 635)	7 384 549	5 887 567
Special Vehicles	5 056 422	99 925	-	5 156 347	936 692	191 495	-	1 128 187	4 028 160
Tools and Equipment	4 669 165	3 507 835	(43 602)	8 133 399	2 042 306	400 184	(28 031)	2 414 459	5 718 941
Other	2 377 389	-	(24 689)	2 352 700	1 385 910	115 669	(22 271)	1 479 309	873 392
<b>Total</b>	<b>440 023 355</b>	<b>36 850 926</b>	<b>(465 928)</b>	<b>476 408 353</b>	<b>97 857 136</b>	<b>11 420 235</b>	<b>(297 218)</b>	<b>108 980 153</b>	<b>367 428 200</b>

The following work in progress balances are included in PPE

Roads and Storm water	6 046 541
Electricity Network	5 663 140
Sewerage Network	766 267
Water Network	519 367
Community Assets	972 709
<b>Total Work in Progress (WIP)</b>	<b>13 968 024</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2019

30 JUNE 2018	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Land and Buildings</b>	<b>84 622 996</b>	<b>117 912</b>	<b>-</b>	<b>84 740 909</b>	<b>10 647 109</b>	<b>285 540</b>	<b>-</b>	<b>10 932 648</b>	<b>73 808 260</b>
Land	55 667 558	-	-	55 667 558	-	-	-	-	55 667 558
Buildings	28 955 439	117 912	-	29 073 351	10 647 109	285 540	-	10 932 648	18 140 703
<b>Infrastructure</b>	<b>263 507 194</b>	<b>23 449 950</b>	<b>(79 191)</b>	<b>286 877 952</b>	<b>59 781 215</b>	<b>7 350 625</b>	<b>(38 758)</b>	<b>67 093 082</b>	<b>219 784 870</b>
Roads and Storm water	95 433 205	14 361 015	-	109 794 220	15 812 199	2 800 491	-	18 612 689	91 181 531
Electricity Network	58 639 989	3 152 893	(68 916)	61 723 966	13 534 677	1 523 758	(31 989)	15 026 447	46 697 519
Sewerage Network	56 372 947	3 226 167	-	59 599 114	11 232 802	1 722 374	-	12 955 176	46 643 938
Water Network	50 961 394	2 709 875	(10 275)	53 660 994	17 712 420	1 226 610	(6 769)	18 932 261	34 728 733
Refuse Removal	2 099 659	-	-	2 099 659	1 489 118	77 392	-	1 566 510	533 149
<b>Community Assets</b>	<b>26 734 126</b>	<b>1 919 223</b>	<b>-</b>	<b>28 653 349</b>	<b>2 812 725</b>	<b>389 181</b>	<b>-</b>	<b>3 201 907</b>	<b>25 451 442</b>
Cemeteries	219 207	101 523	-	320 729	3 324	891	-	4 215	316 515
Clinics	201 995	-	-	201 995	31 932	1 920	-	33 852	168 142
Community Halls	13 100 528	91 081	-	13 191 609	472 664	147 062	-	619 726	12 571 884
Libraries	4 615 999	191 444	-	4 807 443	1 534 162	61 381	-	1 595 543	3 211 900
Parks & Gardens	2 827 848	1 131 377	-	3 959 226	219 584	66 251	-	285 835	3 673 391
Recreation Grounds	1 766 423	-	-	1 766 423	292 470	24 678	-	317 148	1 449 274
Sports facilities	3 861 727	403 798	-	4 265 525	258 589	86 998	-	345 588	3 919 937
Markets	140 400	-	-	140 400	-	-	-	-	140 400
<b>Lease Assets</b>	<b>1 192 011</b>	<b>-</b>	<b>(14 200)</b>	<b>1 177 811</b>	<b>448 933</b>	<b>193 654</b>	<b>(7 374)</b>	<b>635 213</b>	<b>542 599</b>
Leased Assets - Office Machines	1 192 011	-	(14 200)	1 177 811	448 933	193 654	(7 374)	635 213	542 599

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2019

30 JUNE 2018 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Other Assets</b>	<b>35 031 649</b>	<b>4 586 165</b>	<b>(1 044 481)</b>	<b>38 573 333</b>	<b>14 179 249</b>	<b>2 367 717</b>	<b>(552 679)</b>	<b>15 994 287</b>	<b>22 579 047</b>
Computer Hardware	4 857 913	778 516	(149 331)	5 487 098	1 825 977	482 390	(93 228)	2 215 139	3 271 958
Furniture and Office Equipment	6 813 814	867 414	(122 788)	7 558 439	2 305 857	505 811	(82 052)	2 729 616	4 828 823
Vehicles	13 046 372	522 230	(143 783)	13 424 820	6 009 927	780 964	(106 268)	6 684 623	6 740 197
Special Vehicles	3 541 902	1 921 710	(407 189)	5 056 422	899 292	143 084	(105 684)	936 692	4 119 730
Tools and Equipment	4 325 782	496 296	(152 912)	4 669 165	1 832 442	331 207	(121 344)	2 042 306	2 626 860
Other	2 445 866	-	(68 477)	2 377 389	1 305 753	124 261	(44 104)	1 385 910	991 478
<b>Total</b>	<b>411 087 977</b>	<b>30 073 250</b>	<b>(1 137 872)</b>	<b>440 023 355</b>	<b>87 869 232</b>	<b>10 586 716</b>	<b>(598 811)</b>	<b>97 857 136</b>	<b>342 166 219</b>

The following work in progress balances are included in PPE.

Roads and Storm water	7 513 300
Electricity Network	4 480 098
Sewerage Network	-
Water Network	19 500
Community Assets	399 898
<b>Total Work in Progress (WIP)</b>	<b>12 412 796</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2019

VOTE	30 JUNE 2019			30 JUNE 2018		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Engineering Services	191 922 916	(162 218 070)	29 704 846	168 187 891	(152 735 041)	15 452 850
Executive and Council	32 618 966	(41 771 211)	(9 152 246)	31 134 035	(40 801 607)	(9 667 572)
Financial Services & ICT	97 337 774	(57 059 224)	40 278 550	78 029 864	(51 405 266)	26 624 598
Management Services	36 068 284	(56 183 398)	(20 115 114)	35 630 868	(45 883 641)	(10 252 773)
<b>Total</b>	<b>357 947 940</b>	<b>(317 231 903)</b>	<b>40 716 037</b>	<b>312 982 658</b>	<b>(290 825 555)</b>	<b>22 157 104</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX D (UNAUDITED)

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2019

	ACTUAL	BUDGET	VARIANCE	EXPLANATION FOR MATERIAL VARIANCES
OPERATING EXPENDITURE	R	R	R	
Engineering Services	162 218 070	174 280 535	(12 062 465)	Energy Efficiency and Demand Side Grant incorrectly budgeted as part of Operating Expenditure
Executive and Council	41 771 211	43 139 350	(1 368 139)	Immaterial Variance
Financial Services & ICT	57 059 224	57 333 057	(273 833)	Immaterial Variance
Management Services	56 183 398	84 698 560	(28 515 162)	Housing grant budgeted for in terms of DORA while treated on agency basis in financial statements
<b>Total</b>	<b>317 231 903</b>	<b>359 451 502</b>	<b>(42 219 599)</b>	
CAPITAL EXPENDITURE				
Engineering Services	29 568 083	26 424 005	3 144 078	Energy Efficiency and Demand Side Grant incorrectly budgeted as part of Operating Expenditure
Executive and Council	1 618 863	1 959 130	(340 267)	Immaterial Variance
Financial Services & ICT	2 063 746	2 061 854	1 892	Immaterial Variance
Management Services	3 995 021	4 317 195	(322 174)	Immaterial Variance
<b>Total</b>	<b>37 245 713</b>	<b>34 762 184</b>	<b>2 483 529</b>	

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>					
Equitable Share	-	27 606 000	(27 606 000)	-	-
Financial Management Grant (FMG)	-	1 550 000	(1 300 000)	(250 000)	-
Municipal Infrastructure Grant (MIG)	-	13 874 000	(1 362 924)	(12 511 076)	-
Skills Development Fund and SETA Bursaries	-	1 593 744	(1 384 872)	-	208 872
Energy Efficiency and Demand-side (EEDM)	-	5 000 000	(218 547)	(4 781 453)	-
National Electrification Programme (INEP)	-	2 000 000	(174 153)	(1 825 847)	-
Expanded Public Works Program (EPWP)	-	1 141 000	(1 141 000)	-	-
<b>Total</b>	<b>-</b>	<b>52 764 744</b>	<b>(33 187 496)</b>	<b>(19 368 376)</b>	<b>208 872</b>
<b>PROVINCIAL GOVERNMENT</b>					
Library Services	-	5 710 000	(5 638 050)	(71 950)	-
Library Services - Elim Modular Library	-	1 200 000	(1 200 000)	-	-
Internal Audit System (FMSG)	-	174 000	-	-	174 000
Mosaic Project (FMSG)	-	250 000	(250 000)	-	-
mSCOA Support Grant	-	330 000	(330 000)	-	-
Graduate Bursary Scheme	10 720	360 000	(370 720)	-	-
Bulk Meters (FMSG)	-	500 000	-	-	500 000
Regional Waste Investigation	34 540	-	(34 540)	-	-
RSEP - Informal Trading Area	-	1 000 000	(124 846)	(832 309)	42 844
RSEP - Taxi Rank Development Plan	-	145 000	-	-	145 000
Department of Cultural Affairs and Sport	355 200	108 000	(53 478)	(409 722)	-
<b>Total</b>	<b>400 460</b>	<b>9 777 000</b>	<b>(8 001 635)</b>	<b>(1 313 981)</b>	<b>861 844</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>400 460</b>	<b>62 541 744</b>	<b>(41 189 131)</b>	<b>(20 682 357)</b>	<b>1 070 716</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>118 608 600</b>	<b>4 440 200</b>	<b>123 048 800</b>	<b>142 278 959</b>	<b>19 230 159</b>	<b>120 376 456</b>
Executive and council	27 606 000	30 000	27 636 000	27 645 140	9 140	25 236 560
Finance and administration	91 002 600	4 236 200	95 238 800	114 633 819	19 395 019	95 139 896
Internal audit	-	174 000	174 000	-	(174 000)	-
<b>Community and public safety</b>	<b>50 256 800</b>	<b>(167 400)</b>	<b>50 089 400</b>	<b>16 346 710</b>	<b>(33 742 690)</b>	<b>20 441 608</b>
Community and social services	8 678 700	(802 600)	7 876 100	8 588 374	712 274	5 975 072
Sport and recreation	6 893 100	355 200	7 248 300	7 676 862	428 562	7 662 188
Housing	34 685 000	280 000	34 965 000	81 475	(34 883 525)	6 804 347
<b>Economic and environmental services</b>	<b>13 900 200</b>	<b>400 000</b>	<b>14 300 200</b>	<b>23 392 344</b>	<b>9 092 144</b>	<b>17 085 073</b>
Planning and development	1 364 200	400 000	1 764 200	2 390 920	626 720	1 889 317
Road transport	12 536 000	-	12 536 000	21 001 423	8 465 423	15 195 756
<b>Trading services</b>	<b>170 876 100</b>	<b>500 000</b>	<b>171 376 100</b>	<b>175 929 927</b>	<b>4 553 827</b>	<b>155 079 522</b>
Energy Sources	118 012 300	-	118 012 300	118 269 269	256 969	105 424 046
Water Management	25 949 000	500 000	26 449 000	26 842 278	393 278	23 353 941
Waste water management	10 148 400	-	10 148 400	11 979 227	1 830 827	10 627 708
Waste management	16 766 400	-	16 766 400	18 839 154	2 072 754	15 673 827
<b>Total Revenue - Standard</b>	<b>353 641 700</b>	<b>5 172 800</b>	<b>358 814 500</b>	<b>357 947 940</b>	<b>(866 560)</b>	<b>312 982 658</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>93 678 000</b>	<b>7 253 517</b>	<b>100 931 517</b>	<b>97 481 769</b>	<b>(3 449 748)</b>	<b>93 110 764</b>
Executive and council	15 001 900	(400 300)	14 601 600	13 232 475	(1 369 125)	16 161 086
Finance and administration	76 962 500	7 602 707	84 565 207	82 931 987	(1 633 220)	75 750 406
Internal audit	1 713 600	51 110	1 764 710	1 317 307	(447 403)	1 199 272
<b>Community and public safety</b>	<b>62 937 900</b>	<b>(91 720)</b>	<b>62 846 180</b>	<b>27 642 971</b>	<b>(35 203 209)</b>	<b>22 015 332</b>
Community and social services	13 780 000	(667 420)	13 112 580	13 002 831	(109 749)	9 837 473
Sport and recreation	12 302 900	279 400	12 582 300	12 623 479	41 179	10 377 237
Housing	36 855 000	296 300	37 151 300	2 016 661	(35 134 639)	1 800 623
<b>Economic and environmental services</b>	<b>41 953 000</b>	<b>597 105</b>	<b>42 550 105</b>	<b>49 883 803</b>	<b>7 333 698</b>	<b>43 718 192</b>
Planning and development	8 609 700	312 190	8 921 890	8 562 104	(359 786)	8 640 738
Road transport	33 266 500	301 915	33 568 415	41 137 959	7 569 544	35 077 454
Environmental protection	76 800	(17 000)	59 800	183 740	123 940	-
<b>Trading services</b>	<b>151 174 900</b>	<b>1 232 600</b>	<b>152 407 500</b>	<b>141 614 671</b>	<b>(10 792 829)</b>	<b>131 981 267</b>
Energy Sources	99 944 400	377 500	100 321 900	89 599 048	(10 722 852)	86 790 376
Water Management	18 968 200	48 220	19 016 420	20 261 913	1 245 493	16 873 373
Waste water management	11 244 500	253 780	11 498 280	12 068 430	570 150	10 119 924
Waste management	21 017 800	553 100	21 570 900	19 685 281	(1 885 619)	18 197 594
<b>Other</b>	<b>710 200</b>	<b>6 000</b>	<b>716 200</b>	<b>608 688</b>	<b>(107 512)</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>350 454 000</b>	<b>8 997 502</b>	<b>359 451 502</b>	<b>317 231 903</b>	<b>(42 219 599)</b>	<b>290 825 555</b>
<b>Surplus/(Deficit) for the year</b>	<b>3 187 700</b>	<b>(3 824 702)</b>	<b>(637 002)</b>	<b>40 716 037</b>	<b>41 353 039</b>	<b>22 157 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE</b>						
Executive and Council	30 803 000	198 000	31 001 000	32 618 966	1 617 966	31 134 035
Engineering Services	183 226 900	3 900 000	187 126 900	191 922 916	4 796 016	168 187 891
Financial Services & ICT	78 166 400	436 200	78 602 600	97 337 774	18 735 174	78 029 864
Management Services	61 445 400	638 600	62 084 000	36 068 284	(26 015 716)	35 630 868
<b>Total Revenue by Vote</b>	<b>353 641 700</b>	<b>5 172 800</b>	<b>358 814 500</b>	<b>357 947 940</b>	<b>(866 560)</b>	<b>312 982 658</b>
<b>EXPENDITURE</b>						
Executive and Council	42 993 500	145 850	43 139 350	41 771 211	(1 368 139)	40 801 607
Engineering Services	172 712 200	1 568 335	174 280 535	162 218 070	(12 062 465)	152 735 041
Financial Services & ICT	50 709 700	6 623 357	57 333 057	57 059 224	(273 833)	51 405 266
Management Services	84 038 600	659 960	84 698 560	56 183 398	(28 515 162)	45 883 641
<b>Total Expenditure by Vote</b>	<b>350 454 000</b>	<b>8 997 502</b>	<b>359 451 502</b>	<b>317 231 903</b>	<b>(42 219 599)</b>	<b>290 825 555</b>
<b>Surplus/(Deficit) for the year</b>	<b>3 187 700</b>	<b>(3 824 702)</b>	<b>(637 002)</b>	<b>40 716 037</b>	<b>41 353 039</b>	<b>22 157 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE BY SOURCE</b>						
Property rates	63 981 100	-	63 981 100	66 106 657	2 125 557	60 731 610
Service charges - electricity revenue	110 870 600	-	110 870 600	109 586 813	(1 283 788)	103 470 160
Service charges - water revenue	25 946 100	-	25 946 100	26 045 029	98 929	23 333 319
Service charges - sanitation revenue	10 125 000	-	10 125 000	11 709 330	1 584 330	10 627 477
Service charges - refuse revenue	16 766 400	-	16 766 400	18 665 813	1 899 413	15 458 367
Rental of facilities and equipment	1 710 400	3 400	1 713 800	8 530 947	6 817 147	2 355 740
Interest earned - external investments	2 285 800	-	2 285 800	5 168 649	2 882 849	2 821 294
Interest earned - outstanding debtors	1 591 200	-	1 591 200	2 382 181	790 981	1 319 382
Fines, penalties and forfeits	9 853 900	-	9 853 900	17 574 647	7 720 747	11 870 519
Licences and permits	64 400	-	64 400	1 292 715	1 228 315	54 457
Agency services	2 572 400	-	2 572 400	1 997 974	(574 426)	3 124 284
Transfers recognised - operational	79 149 533	498 190	79 647 723	41 189 131	(38 458 592)	37 463 553
Other revenue	8 514 000	536 200	9 050 200	21 641 454	12 591 254	15 608 645
Gains on Disposal of Properties	7 800 000	-	7 800 000	5 374 242	(2 425 758)	4 584 345
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>341 230 833</b>	<b>1 037 790</b>	<b>342 268 623</b>	<b>337 265 583</b>	<b>(5 003 040)</b>	<b>292 823 153</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	123 373 200	194 930	123 568 130	125 207 668	1 639 538	112 925 297
Remuneration of councillors	5 513 600	41 400	5 555 000	5 441 248	(113 752)	5 059 866
Debt impairment	9 339 300	3 858 660	13 197 960	23 721 911	10 523 951	18 160 974
Depreciation & asset impairment	11 921 700	78 000	11 999 700	13 097 055	1 097 355	12 211 471
Finance charges	9 438 700	561 600	10 000 300	11 387 200	1 386 900	9 432 690
Bulk purchases	82 397 500	(1 046 500)	81 351 000	76 760 692	(4 590 308)	75 357 709
Contracted services	24 188 600	649 600	24 838 200	27 023 332	2 185 132	21 346 960
Transfers and grants	1 919 800	930 000	2 849 800	580 970	(2 268 830)	5 268 126
Other Expenditure and Materials	82 361 600	3 729 812	86 091 412	33 843 117	(52 248 295)	30 523 401
Loss on disposal of PPE	-	-	-	168 710	168 710	539 061
<b>Total Expenditure</b>	<b>350 454 000</b>	<b>8 997 502</b>	<b>359 451 502</b>	<b>317 231 903</b>	<b>(42 219 599)</b>	<b>290 825 555</b>
<b>Surplus/(Deficit)</b>	<b>(9 223 167)</b>	<b>(7 959 712)</b>	<b>(17 182 879)</b>	<b>20 033 680</b>	<b>37 216 559</b>	<b>1 997 598</b>
Transfers recognised - capital	12 280 867	4 135 010	16 415 877	20 682 357	4 266 480	12 456 582
Contributed Assets	130 000	-	130 000	-	(130 000)	7 702 924
<b>Surplus/(Deficit) for the year</b>	<b>3 187 700</b>	<b>(3 824 702)</b>	<b>(637 002)</b>	<b>40 716 037</b>	<b>41 353 039</b>	<b>22 157 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Financial Services & ICT	1 815 000	(756 203)	1 058 797	1 057 553	(1 244)	-
Management Services	900 000	(263 970)	636 030	635 977	(53)	644 225
Engineering Services	5 465 000	2 756 460	8 221 460	7 948 583	(272 877)	580 470
<b>Total Multi-year expenditure</b>	<b>8 180 000</b>	<b>1 736 287</b>	<b>9 916 287</b>	<b>9 642 114</b>	<b>(274 173)</b>	<b>1 224 695</b>
<b>Single-year expenditure</b>						
Executive and Council	750 300	1 208 830	1 959 130	1 618 863	(340 267)	225 886
Financial Services & ICT	763 600	239 457	1 003 057	1 006 193	3 136	2 900 319
Management Services	3 551 265	129 900	3 681 165	3 359 044	(322 121)	1 782 708
Engineering Services	17 700 602	501 943	18 202 545	21 619 500	3 416 955	25 899 121
<b>Total Single-year expenditure</b>	<b>22 765 767</b>	<b>2 080 130</b>	<b>24 845 897</b>	<b>27 603 599</b>	<b>2 757 702</b>	<b>30 808 034</b>
<b>Total Capital Expenditure by Vote</b>	<b>30 945 767</b>	<b>3 816 417</b>	<b>34 762 184</b>	<b>37 245 713</b>	<b>2 483 529</b>	<b>32 032 730</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE OUTCOME 2018 R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>	<b>2 861 000</b>	<b>(346 846)</b>	<b>2 514 154</b>	<b>2 850 620</b>	<b>336 466</b>	<b>3 254 545</b>
Executive and council	46 900	152 740	199 640	180 404	(19 236)	182 296
Finance and administration	2 812 600	(650 326)	2 162 274	2 668 981	506 707	3 072 249
Internal audit	1 500	150 740	152 240	1 235	(151 005)	-
<b>Community and public safety</b>	<b>4 559 265</b>	<b>895 490</b>	<b>5 454 755</b>	<b>4 693 122</b>	<b>(761 633)</b>	<b>2 083 933</b>
Community and social services	742 200	989 700	1 731 900	1 041 198	(690 702)	336 021
Sport and recreation	3 812 565	(93 510)	3 719 055	3 648 124	(70 931)	1 747 912
Housing	4 500	(700)	3 800	3 800	-	-
<b>Economic and environmental services</b>	<b>13 185 525</b>	<b>3 225 883</b>	<b>16 411 408</b>	<b>15 417 715</b>	<b>(993 693)</b>	<b>15 804 675</b>
Planning and development	46 900	(9 350)	37 550	32 452	(5 098)	18 612
Road transport	13 138 625	3 235 233	16 373 858	15 385 264	(988 594)	15 786 063
<b>Trading services</b>	<b>10 339 977</b>	<b>41 890</b>	<b>10 381 867</b>	<b>14 284 257</b>	<b>3 902 390</b>	<b>10 889 577</b>
Energy sources	4 923 500	(252 200)	4 671 300	9 351 033	4 679 733	3 262 393
Water management	2 070 000	290 000	2 360 000	1 584 912	(775 088)	2 858 595
Waste water management	331 477	434 790	766 267	766 267	(0)	2 516 925
Waste management	3 015 000	(430 700)	2 584 300	2 582 045	(2 255)	2 251 664
<b>Total Capital Expenditure - Standard</b>	<b>30 945 767</b>	<b>3 816 417</b>	<b>34 762 184</b>	<b>37 245 713</b>	<b>2 483 529</b>	<b>32 032 730</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	11 331 667	4 029 810	15 361 477	19 368 376	4 006 899	11 883 649
Provincial Government	949 200	1 105 200	2 054 400	1 313 981	(740 419)	572 933
<b>Transfers recognised - capital</b>	<b>12 280 867</b>	<b>5 135 010</b>	<b>17 415 877</b>	<b>20 682 357</b>	<b>3 266 480</b>	<b>12 456 582</b>
Public contributions & donations	130 000	-	130 000	-	(130 000)	7 702 924
Borrowing	7 621 500	(1 295 200)	6 326 300	6 623 301	297 001	4 483 620
Internally generated funds	10 913 400	(23 393)	10 890 007	9 940 056	(949 951)	7 389 605
<b>Total Capital Funding</b>	<b>30 945 767</b>	<b>3 816 417</b>	<b>34 762 184</b>	<b>37 245 713</b>	<b>2 483 529</b>	<b>32 032 730</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	61 324 238	(1 428 806)	59 895 432	63 449 416	3 553 984	58 460 077
Service charges	156 910 002	(3 655 878)	153 254 124	159 304 825	6 050 702	143 354 704
Other revenue	15 928 692	154 488	16 083 180	21 322 050	5 238 870	25 688 588
Government - operating	79 149 533	498 190	79 647 723	42 118 265	(37 529 458)	37 259 746
Government - capital	12 280 867	4 779 810	17 060 677	20 423 479	3 362 802	12 111 782
Interest	3 810 924	(35 534)	3 775 390	7 550 830	3 775 439	4 140 676
<b>Payments</b>						
Suppliers and employees	(314 742 500)	657 356	(314 085 144)	(257 634 932)	56 450 213	(253 427 522)
Finance charges	(773 700)	(42 000)	(815 700)	(1 856 421)	(1 040 721)	(490 202)
Transfers and Grants	(1 919 800)	(900 000)	(2 819 800)	(580 970)	2 238 830	(1 398 206)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>11 968 256</b>	<b>27 625</b>	<b>11 995 881</b>	<b>54 096 542</b>	<b>42 100 661</b>	<b>25 699 644</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	7 800 000	-	7 800 000	5 410 131	(2 389 869)	4 919 345
Decrease other non-current receivables	31 117	(23 869)	7 248	26 731	19 483	8 285
<b>Payments</b>						
Capital assets	(30 815 767)	(3 946 417)	(34 762 184)	(37 245 713)	(2 483 529)	(23 999 851)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(22 984 650)</b>	<b>(3 970 286)</b>	<b>(26 954 936)</b>	<b>(31 808 852)</b>	<b>(4 853 915)</b>	<b>(19 072 221)</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	7 621 500	(7 621 500)	-	17 000 000	17 000 000	17 400 000
Increase (decrease) in consumer deposits	272 892	(2 445)	270 447	189 029	(81 418)	216 701
<b>Payments</b>						
Repayment of borrowing	(2 831 339)	(674 821)	(3 506 160)	(3 506 160)	-	(837 282)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>5 063 053</b>	<b>(8 298 766)</b>	<b>(3 235 713)</b>	<b>13 682 869</b>	<b>16 918 582</b>	<b>16 779 419</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(5 953 342)</b>	<b>(12 241 427)</b>	<b>(18 194 768)</b>	<b>35 970 559</b>	<b>54 165 328</b>	<b>23 406 842</b>
Cash/cash equivalents at the year begin:	25 573 774	22 194 536	47 768 311	47 768 311	-	24 361 469
Cash/cash equivalents at the year end:	19 620 433	9 953 110	29 573 542	83 738 870	54 165 328	47 768 311
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(5 953 342)</b>	<b>(12 241 427)</b>	<b>(18 194 768)</b>	<b>35 970 559</b>	<b>54 165 328</b>	<b>23 406 842</b>